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Algeria	450 Div.	Iraq	15,200	Norway	6,000 N.D.
Austria	117 Div.	Italy	130 Div.	Oman	8,700 Rock
Bahrain	600 Div.	Jordan	450 Div.	Peru	1,000
Bangladesh	1,000 Div.	Kuwait	500 Div.	Portugal	4,500 Rock
Belarus	1,000 Div.	Lebanon	450 Div.	Qatar	1,000
Belgium	1,000 Div.	Kenya	500 Div.	Spain	4,500 Rock
Bolivia	1,000 Div.	Liberia	500 Div.	Sri Lanka	4,500 Rock
Bosnia	1,000 Div.	Madagascar	500 Div.	Sudan	2,000 P.
Bulgaria	1,000 Div.	Maldives	500 Div.	Sudan	2,000 P.
Cambodia	1,000 Div.	Mali	500 Div.	Sudan	2,000 P.
Canada	1,000 Div.	Mauritania	500 Div.	Sudan	2,000 P.
Chile	1,000 Div.	Mauritius	500 Div.	Sudan	2,000 P.
China	1,000 Div.	Mexico	500 Div.	Sudan	2,000 P.
Croatia	1,000 Div.	Morocco	500 Div.	Sudan	2,000 P.
Cuba	1,000 Div.	Mozambique	500 Div.	Sudan	2,000 P.
Cyprus	1,000 Div.	Niger	500 Div.	Sudan	2,000 P.
Czechoslovakia	1,000 Div.	Nigeria	500 Div.	Sudan	2,000 P.
Denmark	1,000 Div.	North Korea	500 Div.	Sudan	2,000 P.
Egypt	1,000 Div.	Pakistan	500 Div.	Sudan	2,000 P.
Finland	1,000 Div.	Palestine	500 Div.	Sudan	2,000 P.
France	1,000 Div.	Paraguay	500 Div.	Sudan	2,000 P.
Germany	1,000 Div.	Peru	500 Div.	Sudan	2,000 P.
Great Britain	1,000 Div.	Philippines	500 Div.	Sudan	2,000 P.
Greece	1,000 Div.	Portugal	500 Div.	Sudan	2,000 P.
Iceland	1,000 Div.	Qatar	500 Div.	Sudan	2,000 P.
Ireland	1,000 Div.	Senegal	500 Div.	Sudan	2,000 P.
Italy	1,000 Div.	Singapore	500 Div.	Sudan	2,000 P.
Japan	1,000 Div.	Sri Lanka	500 Div.	Sudan	2,000 P.
Lebanon	1,000 Div.	Tunisia	500 Div.	Sudan	2,000 P.
Malta	1,000 Div.	U.S.	500 Div.	Sudan	2,000 P.
Morocco	1,000 Div.	Yemen	500 Div.	Sudan	2,000 P.
Poland	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.
Portugal	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.
Spain	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.
Sweden	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.
Switzerland	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.
Thailand	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.
Tunisia	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.
U.S.	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.
Yugoslavia	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.
Yemen	1,000 Div.	Yugoslavia	500 Div.	Sudan	2,000 P.

ESTABLISHED 1887



FIRST STEP FOR LEWIS — Carl Lewis of the United States taking a victory lap after winning the 100-meter dash at the Olympic Games in Los Angeles. His time in Saturday's race was 9.99 seconds. Lewis also hopes to win gold medals in the 200-meter dash, long jump and 400-meter relay. Full coverage of the games, Pages 14 and 15.

Actor Richard Burton Is Dead of Stroke at 58

The Associated Press

LONDON — Richard Burton, 58, whose acting career ranged from the classical theater to the Hollywood screen, died Sunday of cerebral hemorrhage in a hospital in Geneva.

Nancy Seltzer, Mr. Burton's widow in New York, confirmed a report of his death carried by the British Broadcasting Corp. in London. She said she was not aware that he had been ill.

Mr. Burton owned a home in the village of Cleyne, near Geneva. London Broadcasting Corp. Radio 4 said he was rushed to the hospital "terrible" feeling ill there.

Mr. Burton was also known for a long and stormy relationship with the actress Elizabeth Taylor, whom he married twice. His widow, Sally Hay, 36, a former BBC television assistant who became a fifth wife last year.

Most recently the actor had been working in a new film version being made in Britain of George Orwell's novel "Nineteen Eighty-Four."

The Welsh-born actor said last week that he was in "semi-retirement." But he was planning a new work schedule. He was to go to Berlin soon to work in "The Old Giese Two" and then to India to star in a new film version of Graham Greene's Vietnam War novel, "The Quiet American."

Last month he played a small role as a rich U.S. congressman alongside his daughter Kate, 26, in a CBS television series "Ellie."

Mr. Burton was one of Britain's greatest Shakespearean stage actors. He appeared in more than 40 plays, ranging from classics such as "Who's Afraid of Virginia Woolf?" and "The Spy Who Came in from the Cold" to a string of forgotten failures.

Mr. Burton was born Nov. 10, 1925, in Porthirydlyn, South Wales, and educated at Oxford University. He was born Richard Jenkins and changed his name in his youth to that of a schoolmaster who helped bring him up.

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liams in 1949, and the marriage was dissolved after 14 years. He married Miss Taylor in 1964, parted from her in 1974, married her again the following year, and was divorced from her in 1976. In 1976 he married Susan Hunt. They were divorced in 1982.

Sir John Gielgud, who last

(Continued on Page 2, Col. 3)

Oil Tanker Hit by Mine Is Sinking In Red Sea

United Press International

SUEZ, Egypt — A Taiwanese oil tanker hit a mine in the southern Red Sea on Sunday and was reported sinking off the coast of North Yemen.

Shipping sources said the tanker Oceanic Energy, which is owned by the Energy Shipping Company of Taiwan, hit a mine south of Port Sudan and was sinking. Further details were not immediately available.

Lloyd's of London said the 41,400-ton ship, which was sailing empty for Saudi Arabia, was the 10th vessel damaged by blasts in the Red Sea and the Gulf of Suez in two weeks.

A Lloyd's spokesman said the Oceanic Energy, which is registered in Liberia, was sailing north through the Red Sea when it sent a radio message from south of Port Sudan saying, "Met mine, ship sinking, please . . . The rest of the message was unintelligible, the spokesman said.

Three other merchant vessels — Turkish, Greek and East German — were slightly damaged Thursday when they were rocked by blasts in the Red Sea off Saudi Arabia and North Yemen.

The U.S. Defense Department has sent a 15-member naval team to Egypt to help determine the cause of the blasts. There have been no casualties from the explosions.

■ Navy Teams on Alert

Wayne Biddle of The New York Times reported from Washington: The U.S. Navy has started loading mine-sweeping helicopters aboard transport planes in Virginia as government officials weighed a decision to fly the craft to the Gulf of Suez.

State Department officials said the Reagan administration was awaiting a recommendation from U.S. Navy mine experts in the area.

A State Department official said that ships had been damaged either in the Gulf of Suez at the northern end of the Red Sea, or in the Bab el Mandeb to the south, where the Red Sea joins the Gulf of Aden.

The Bab el Mandeb and the Gulf of Suez lead to the Suez Canal.

The State Department official said the navy experts would submit a report on the situation "several days."

Based on their advice and the desire of the Egyptian government, he said, the decision would be made on sending the equipment and personnel being readied at the Norfolk Naval Air Station.

Egyptian vessels have already begun mine-sweeping activities, according to the State Department.

A State Department official said the United States was starting "a major effort," including inquiries to countries in the region, to determine who planted the explosives.

They did not specify how a decision to apply sanctions would be made, saying only that they would "suspend application of this program to participating countries that initiate warlike actions against other states of the area, in violation of the charter of the United Nations."

The new features in the pact come at a time when U.S. officials have been praising Mexico, to the

embarrassment of Mexican officials, for having moderated its support of leftist groups in Central America. The government here officially denies any substantive change in its foreign policy.

Another new provision in the pact requires "strict compliance with the conditions of payment."

The new agreement would also give

the most generous credit terms to

countries that agree to use Mexican and Venezuelan goods and services

in programs of economic and

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The two countries said Friday

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Shimon Peres of Israel's Labor Party accepting the mandate to form a new government.

Mexico, Venezuela Sign Pact to Stop Oil Flow to 'Warlike' Latin Nations

By Richard J. Meislin
New York Times Service

MEXICO CITY — Mexico and Venezuela have announced that they will suspend shipments of low-priced oil to Central American and Caribbean countries "that initiate warlike actions" against the conditions of payment."

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the most generous credit terms to

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Reagan Pledges to Fight Any Attempt to Increase Personal Income Taxes

By Lou Cannon
Washington Post Service

SANTA BARBARA, California — President Ronald Reagan pledged in a weekend address that, if re-elected, he would propose no increase in individual income taxes and would veto any bill raising individual income tax rates.

Mr. Reagan, who in recent weeks has carefully qualified his remarks about other kinds of new taxes that might be passed by Congress to help reduce federal budget deficits.

Seeking to take the initiative on the subject of higher taxes, Mr. Reagan charged Saturday that his Democratic challenger, Walter F. Mondale, would have to raise taxes by \$135 billion "to square with his promises."

"That averages \$1,500 in increased taxes for every American household, and one way or another that means you," Mr. Reagan said.

The president, who was vacationing at his ranch near here, charged on his weekly paid radio address that Mr. Mondale would need a huge tax increase to carry out a promise to cut federal deficits by two-thirds by 1989.

Mr. Mondale, at his home in North Oaks, Minnesota, called Mr. Reagan's calculations "nexus-point numbers" and renewed his challenge to the president to hold a series of debates this fall.

"If we were to debate what he said today on national television, I'd cream him because he's dead wrong," Mr. Mondale said. "He prefers these long-distance charges rather than a face-to-face debate."

Mr. Mondale said he soon will release details of how he would cut the budget deficit and raise taxes.

He also noted that Mr. Reagan had issued a qualified pledge against higher taxes. "Today he said he would not raise personal income taxes," Mr. Mondale said. "But he was very careful not to rule out tax increases that would protect his rich friends."

When he accepted the Democratic presidential nomination on

July 19, Mr. Mondale said that whoever was elected president would have to raise taxes. He charged that Mr. Reagan was keeping his own tax plans secret.

Mr. Reagan later said he had "no plan" to raise taxes in 1985, but he stopped short of pledging not to increase them. And last week he said he would increase taxes only as "a last resort."

The vagueness of these promises has raised concern among some of Mr. Reagan's conservative advisers, who have urged him to rule out a tax increase unequivocally.

On Saturday he responded, saying, "I will propose no increase in personal income taxes, and I will veto any tax bill that would raise personal tax rates for working Americans or that would fail to make our tax system simpler and more fair."

The chief White House spokesman, Larry Speakes, said Mr. Reagan was "ruling out an income tax increase for the foreseeable future."

But Mr. Reagan did not rule out corporate tax increases or other forms of tax hikes.

Some of Mr. Reagan's advisers have acknowledged privately that some form of tax increase probably will be necessary in 1985, despite the president's opposition.

Senator Robert J. Dole of Kansas, the Finance Committee chairman and an influential Republican spokesman on tax matters, has indicated that a combination of spending cuts and tax increases may be needed to keep deficits manageable.

In his address Saturday, Mr. Reagan said Mr. Mondale had indicated plans to raise taxes "by at least \$60 billion." The president disputed whether this would carry out Mr. Mondale's pledge to cut the deficit by two-thirds.

Mr. Mondale, in his response, challenged Mr. Reagan to have the Treasury Department release a study of taxation that the president has indicated would serve as a guideline on any tax reform.



Workers cleared rubble from Madras airport where a bomb killed 32 persons.

Sri Lankan Proposes Joint Blast Inquiry

Reuters

COLOMBO, Sri Lanka — Prime Minister Ranasinghe Premadasa has proposed that India and Sri Lanka investigate together the bomb explosion at Madras international airport that killed 32 persons and injured 13, state radio said Sunday.

Sri Lankan Defense Ministry officials said they believed the blast Thursday was part of a plan by Sri Lankan separatists to send explosives to Colombo and blow up two Air Lanka jets here.

The Sri Lankan government said Sunday that about 24 Sri Lankans were among the dead.

The radio quoted Mr. Premadasa as saying that the explosion proved his allegations that guerrillas fighting for a separate Tamil state were operating from the south Indian state of Tamil Nadu. India has repeatedly denied this charge.

Two major separatist Tamil organizations based in Madras denied responsibility for the blast and said that it was part of a plot to defame them.

The Liberation Tigers of Tamil Eelam said it was outraged and shocked at the blast.

"The sophisticated nature of

the whole operation clearly indicates that it is the diabolical work of the Sri Lankan government," it said in a statement.

Meanwhile, in Madras, the capital of Tamil Nadu, police said Sunday that they were searching for a passenger who was booked on an Air Lanka flight from Madras to Colombo but failed to turn up for immigration checks.

The bomb went off when customs officials were removing two unclaimed suitcases after a series of telephoned warnings. The airport was not evacuated.

Economic Potential, Stalemated War Give New Strength to Hussein of Iraq

By David B. Ottaway
Washington Post Service

BAGHDAD — President Saddam Hussein has emerged from a number of economic and political crises over the past year stronger than at any time since the war with Iran began nearly four years ago.

Despite increasing war debts to the Arab Gulf states and Western nations, Mr. Hussein has managed to gain refinancing and billions of dollars in new credit.

Despite the Iranian seizure of Iraqi lands in several border areas in 1983, he has blocked three Iranian offensives and succeeded in

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building up Iraq's military power through the acquisition of Soviet and French weapons.

Western, Arab and Asian diplomats based here are remarking on a new mood among Iraqi leaders.

"There has been a noticeable increase in confidence and morale since I came here a year ago," an Asian diplomat said.

A Western diplomat, referring to Iran and Iraq, said: "They are settling into a new military equilibrium that is in Iraq's favor and there is no easy way for Iran to upset the balance."

"He needs to incorporate some diverse points of view, but I'm not sure he will," said the former staff member.

On recent days, Mr. Mondale did bring a lilaak, Representative Charles B. Rangel of New York, and a woman, Representative Barbara A. Mikulski of Maryland, into his campaign as national co-chairmen. But it is not clear how much authority and access to the decision-making process they will have.

Two high-ranking Democrats who are Mondale supporters dismissed the appointments as "window dressing" and "the obligatory outreach" to women and minorities. "In terms of the real decision-making process, there's been no change," said one.

Many of Mr. Mondale's supporters were stunned on July 14, two days before the Democratic National Convention opened in San Francisco, when word leaked out that he was moving to replace Charles T. Manatt as Democratic National Committee chairman with Mr. Lance, a banker and chairman of the Georgia Democratic Party.

But protest from surprised Democrats, including some Southerners, prompted a reversal of that decision. Mr. Lance instead was named general chairman of the campaign.

The criticism continued, and with his campaign staff still undefined, Mr. Lance returned to Georgia in a sort of political limbo.

And it was in Georgia that he remained, virtually ignored by the Mondale campaign even as the candidate toured the South.

Thus, after two precipitous decisions he ultimately had to reverse, Mr. Mondale let the Mr. Lance matter drag on for two weeks — reviving his old image as a politician who is cautious, indecisive and reluctant to make tough decisions.

Indeed, some Democratic leaders noted this week, it was only after a dejected Mr. Lance left that the affair with his old image as a politician who is cautious, indecisive and reluctant to make tough decisions.

Laurence Olivier, who was due to start shooting "Wild Geese Two" with Mr. Burton shortly, said from his home in Sussex, "Richard was a very fine actor, and his early death is a great tragedy to the entire world, the film world and the public."

In the film Lord Olivier was to play the Nazi prisoner Rudolph Hess and Mr. Burton a fictional character involved in the rescue of Mr. Hess from Spandau Prison in Berlin.

Representative Tony Coelho of California, chairman of the Democratic Congressional Campaign Committee, said Friday that he intends to take up with top Mondale

Iran Plans Succession, Ex-Aide Says

Khomeini Illness Cited By Former President

By Michael Dobbs
Washington Post Service

PARIS — Former President Abolhassan Bani-Sadr of Iran, who lives in exile in France, says that a plan for the transition to a post-Khomeini era in Iran was started last month when the Iranian leader appeared to be on the verge of death.

Mr. Bani-Sadr, who was forced to flee Iran in 1981, said in an interview Friday that the scenario involved moves toward negotiating a peace settlement in Iran's war with Iraq, a diplomatic overture toward the West and firm action against dissidents inside the country.

"The post-Khomeini era has already begun," he said, adding: "If Khomeini dies now, only the moderates have a chance of taking over and this is what frightens the hard-liners."

Mr. Bani-Sadr said he had reports from inside the country that Ayatollah Ruhollah Khomeini, 84, became seriously ill in the middle of July and was sent to an intensive care unit. It was then, he said, that the plan for the succession was developed by other leading figures.

The statement distinguished between the network's international feed, which it described as "neutral coverage" and its programming for U.S. viewers. The statement was issued after Mr. Samaranch, apparently on the basis of what ABC was broadcasting in the United States, complained that the broadcasts of the Games favored U.S. athletes over foreigners.

WORLD BRIEFS

49 Die in Plane Crash in Bangladesh

DHAKA, Bangladesh (Combined Dispatches) — All 45 passengers and four crew members aboard an airliner were killed Sunday when their plane crashed in a marsh near Dhaka airport, officials of the Bangladeshi national airline said.

The plane was coming from the port city of Chittagong. The craft, a Fokker F-27 of Biman, the national airline, crashed about 500 yards (450 meters) from the runway. The officials said it was raining heavily when the crashed occurred.

KARACHI (Reuters) — Nine bodies have been recovered from the wreckage of a Soviet An-12 cargo plane that crashed Saturday in southern Pakistan on its way to Tashkent in Soviet Central Asia, police said.

The authorities said they had cordoned off the crash site at Nawabshah, 130 miles (210 kilometers) northeast of Karachi, and were searching the wreckage. The plane, which took off from South Yemen, landed in Karachi for emergency repair and resumed its flight after refueling. It crashed less than an hour later.

The Soviet consul in Karachi declined to give details about the plane, its crew or cargo, and the office of the Soviet airline Aeroflot said it had no exact information on the flight.

IOC Retracts Charge on Olympic TV

LOS ANGELES (Reuters) — The president of the International Olympic Committee, Juan Antonio Samaranch, has retracted his complaint that the ABC television network has tended to favor American athletes in its coverage of the Olympic Games.

The IOC issued a statement late Friday, after Mr. Samaranch and Monique Berlioux, the IOC director, met with Roone Arledge, president of ABC News and Sports. During the meeting, the statement said, "The IOC expressed its satisfaction with ABC's television production of the Games and felt that international broadcasters have received appropriate coverage."

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Shell Denies Pretoria Gave It Bonuses

LONDON (Reuters) — Shell International Petroleum Co. denied a report in a British newspaper Sunday that it had received secret bonus payments for supplying oil to South Africa.

The company issued the denial in response to a report in The Observer that suggested Shell had received almost \$200 million from South Africa to supply oil in defiance of international boycotts. Shell denied that it had received any "secret incentives" for supplying oil to South Africa, a spokeswoman said. "Moreover, it reiterates that it has always observed producing countries' destination restrictions regarding crude oil."

The Observer based its report on an official South African report that the government offered a premium of \$8 a barrel of crude from its strategic fuel fund after the fall of the shah of Iran, its main supplier, in 1979.

Iran Claims Attacks on Invading Iraqis

NICOSIA (AP) — The Iranian air force attacked Iraqi forces inside Iranian territory Sunday, after destroying military targets in Iraq, an Iranian military communiqué claimed Sunday.

The communiqué, reported by IRNA, the official Iranian news agency, said the air force had already destroyed a large number of enemy tanks in the Khouzestan and Gilan-e-Gharb regions of Iran.

Iraq, Turkey Discuss New Pipeline

ANKARA (AP) — Taha Yasin Ramadan, Iraq's first deputy prime minister, started three days of talks here Sunday on plans for a new Turkey-Iraqi pipeline and other projects of economic cooperation.

Sources said the Iran-Iraq war and the safety of Turkish tankers sailing to the Gulf war zone to load Iranian crude oil from Khang Island are also likely to come up in discussions.

Turkey and Iraq have a 1,000 kilometer (620-mile) pipeline with an annual capacity of 35 million tons. Expansion of the line, currently Iraq's only outlet for oil exports, to 49 million tons is nearly complete, officials said. A second pipeline, which is to run parallel to the first one and to share the same terminal on the Mediterranean, is planned.

Lutherans Urge U.S.-Soviet Talks

BUDAPEST (AP) — The Lutheran World Federation has urged the Soviet Union and the United States to resume talks on limiting medium-range nuclear missiles and called for an end to "aggression" against Nicaragua and El Salvador.

The statements were made in two political resolutions adopted Friday by the 315 main delegates from 99 member churches around the world. In the last working session of the two-week assembly, delegates urged "governments and political leaders everywhere to halt the research, test and production of nuclear and conventional weapons."

Another resolution requested churches "to cooperate in the efforts to rebuild Nicaragua and El Salvador" and urged them "to cooperate in every possible way to establish human rights in Central America."

Marcos May Lift State of Emergency

MANILA (UPI) — President Ferdinand E. Marcos has indicated that he may lift a state of emergency that remained in force in the southern Philippines after he canceled martial law three years ago.

He told a lawyers' convention Friday that a decision to end the state of emergency in eight provinces in the Mindanao-Sulu region, 500 miles (800 kilometers) south of Manila, would depend on an assessment of security in the region.

Under the state of emergency, the army may hold suspected subversives indefinitely. Mr. Marcos's government maintained the state of emergency when it ended eight years of martial law in 1981 because of a Moslem separatist guerrilla movement in the south.

Suspects in Israeli Bombings Freed

JERUSALEM (UPI) — Two Israeli Army officers being held for trial in the 1980 car bombings that maimed two Palestinian West Bank mayors were released Friday.

Their release was ordered by the Supreme Court, which rejected an appeal by the state attorney to keep them in prison pending the trial. Major Shlomo Leviathan and Captain Aharon Gil, both of whom served in the Israeli administration of the occupied West Bank, posted \$30,000 bail.

The men are charged with conspiracy in the 1980 car bombings that maimed Mayor Bassam Shaka of Nablus and Mayor Karim Khalil of Ramallah. The trial was postponed until the end of the year. The Israelis were detained in April when police discovered a plot to bomb five Arab-owned buses in East Jerusalem.

For the Record

President Joao Baptista Figueiredo, 66, was hospitalized Saturday for at least three days for treatment of severe back pains, the official EBC news agency reported.

President Ronald Reagan appointed Robert A. Rowland, a tax lawyer who was co-chairman of his presidential campaign in Texas in 1980, to head the Occupational Safety and Health Administration.

Greco and the United States have signed a memorandum on wages and working conditions for 1,800 Greek workers at the four U.S. military bases in Greece.

The three men who hijacked an Air France jetliner from Frankfurt to Tehran last week have asked for political asylum in Iran, Iranian officials said Saturday. The three surrendered to the Iranian authorities after releasing 60 hostages and blowing up the plane's cockpit.

Italy's Senate has approved a church-state concordat that will end Catholicism's status as the state religion. The concordat, signed by the government and the Vatican in February, will go to the Chamber of Deputies for final ratification in September.

Peres Asked to Form Cabinet

(Continued from Page 1)

bring home Israeli soldiers from Lebanon.

He also said it would foster a "renewal of the peace process" in carrying out the 1978 Camp David accords, which envisioned autonomy for 1.3 million Palestinians in the Israeli-occupied West Bank and Gaza Strip.

Mr. Kahan has said he would start his anti-Arab program in Umm al-Fahm after being sworn in as member of the Knesset on Aug. 13. Umm al-Fahm has a population of 26,000.

Under Mondale, Democrats' Foreign Policy Line Shifts to One of Restraint, Experts Say

By Hedrick Smith
New York Times Service

WASHINGTON — The foreign policy line emerged from the Democratic National convention in San Francisco is a distinct shift in the policies of such presidents as Harry S. Truman, John F. Kennedy and Lyndon B. Johnson, according to foreign affairs specialists.

In interviews, former officials from Democratic and Republican administrations singled out Walter F. Mondale's ardent advocacy of a negotiated, verifiable freeze on the production, and deployment of nuclear arms as the most significant departure from past election platforms.

Other specialists cite a Democratic platform plank pushed through by Senator Gary Hart of Colorado and some of Mr. Mondale's comments about Central America as signals of a less assertive U.S. role in the world than in the Truman, Kennedy and Johnson administrations. Under these Democratic presidents, the United States took on the defense of Korea, Turkey and Vietnam, and President Carter declared protection for the Gulf.

The Hart amendment, eventually accepted by the Mondale camp, emphasized the Democratic party's general reluctance to involve U.S. forces in Third World trouble spots such as Gulf.

In a similar vein, Mr. Mondale pledged "to stop the illegal war in Nicaragua" in his first 100 days in office and to work "for the removal of all foreign forces" from Central America.

The Democratic presidential nominee has sought to cast himself as more dedicated to arms control than President Ronald Reagan and less than Mr. Reagan to involve the United States in a foreign war, Mondale aides say. But against the sweep of postwar history, the other officials say, the Mondale approach ill-

ustrates how much the attitudes of mainstream Democrats have changed, particularly since the Vietnam War, and even how the two political parties have switched roles since the Truman presidency.

"There's been a big change in the approach of both parties," said Charles William Maynes, a Carter administration official who is now editor

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of Foreign Policy magazine. "If you go back to the platforms of the 1950s, there's been a radical change."

After World War II the Democrats were promoting a larger U.S. role in the world. Republicans like Senator Robert A. Taft of Ohio opposed President Truman's moves to station U.S. troops in Western Europe, and Dwight D. Eisenhower campaigned in 1952 with a pledge to end the war in Korea. Now, Democrats accuse the Republican White House of overzealous interventionism abroad and promote peace negotiations.

The Democratic stance this year, the specialists suggest, is particularly striking in contrast to John F. Kennedy's. In the 1960 campaign, he charged the Republican administration with allowing U.S. defenses to suffer "a missile gap" with the Soviet Union and pressed for a military buildup. And in 1961 he approved an invasion of Cuba by exile forces armed by the Central Intelligence Agency.

"There's no clear thread that links the Kennedy campaign of 1960 with the Mondale campaign of 1984," said William Hyland, editor of Foreign Affairs magazine, who was a policy adviser in the Nixon and Ford administrations.

"With Kennedy talking about our bearing any burden and paying any price for defense, that was a different era."

"As a nation we crossed the watershed in the 1970s," Mr. Hyland added.

"For the Democrats, it came with the nomination of McGovern," he said, referring to George S. McGovern's nomination in 1972.

"For the country as a whole, it came in 1975 when we came out of Saigon in humiliation," he said. "We also discovered that detente wasn't going to save us with the Russians. Since then both parties have had difficulty dealing with the post-Vietnam world and the world of nuclear plenty."

Zbigniew Brzezinski, who was national security adviser to President Carter, suggested the positions taken at the Democratic convention in July were to the left of those taken by Mr. Carter in his final two years in office.

In that period, Mr. Carter imposed a grain embargo against the Soviet Union and sought negotiations for the MX missile, two positions Mr. Mondale has said he privately opposed.

"We never had a major party before advocating a freeze as foreign policy," Mr. Brzezinski asserted. "I think the nuclear freeze is a house it's not achievable. It's not verifiable."

"Yet we're committed to it because of an activist wing of the party," he added. "It degrades the quality of our foreign policy discourse and diminishes our standing internationally."

Some Mondale advisers contend that the party platform and Mr. Mondale personally were driven toward more liberal positions by the early withdrawal of conservatives such as Senator John Glenn of Ohio and former Governor Reuben Askew of Florida from the presidential race. The remaining competitors at the end of the campaign, the Reverend Jesse L. Jackson and Mr. Hart, were both advocates of restraint on U.S. use of force.

"In the primaries and at the convention, the

fights came from the left," said a Mondale campaign official. "We had to defend ourselves."

More broadly, some of what became known as the "Scoop Jackson" wing of the Democratic Party, foreign policy conservatives who clustered around Senator Henry M. Jackson of Washington, defected to the Reagan administration before this year's race began.

Among them were Jeanne J. Kirkpatrick, the U.S. ambassador to the United Nations, and Richard N. Perle, an assistant secretary of defense who was a longtime aide to Senator Jackson. Senator Jackson died last year.

Mondale lieutenants reject any notion that Mr. Mondale is a neo-isolationist. At the convention, they note, Mr. Mondale resisted Jesse Jackson's call for unilateral U.S. renunciation of the first use of nuclear weapons, and Mondale forces defeated Mr. Jackson's drive to recruit the party in favor of an absolute cut in military spending.

"There is no new isolationism in Walter Mondale," said Barry Carter, a senior Mondale adviser on foreign policy. "He's for strengthening conventional forces."

Mr. Mondale, with his advocacy of steady, moderate increases in military spending, has taken a different position from Mr. McGovern in 1972 and Mr. Carter in the 1976 campaign, both of whom urged cuts in military spending. Moreover, in the primaries Mr. Mondale resisted pressures to endorse a unilateral moratorium on U.S. missile deployments in Western Europe, a contrast to Mr. McGovern's advocacy of reductions in U.S. forces in Europe.

Among Democratic activists at the convention, the McGovern legacy of resistance to military spending and U.S. involvement abroad was apparent in the Hart plank, in signs calling to "end the war in Central America" and in the

opposition of Mr. Mondale and his running mate, Representative Geraldine A. Ferraro of New York, to developing the MX missile, the B-1 bomber, nerve gas and anti-satellite weapons.

This year, Mr. Brzezinski suggested, the clash between Republicans and Democrats over foreign policy issues is pulling "the center of gravity in both parties toward extremes, in the Democratic Party toward naive escapism and in the Republican Party toward militant interventionism."

Other former officials say the most important new influence on foreign policy is the grassroots political strength of the nuclear freeze movement.

"You see the impact of the freeze movement on both parties, with Mondale's advocacy of the freeze and the administration working to make sure it does not look anti-arms control," said Mr. Maynes of Foreign Policy.

Conservative Democrats such as Mr. Brzezinski and Horace Bushy, a former Johnson administration official, now author of a political newsletter, suggested the tone at the Democratic convention was leading the party toward a politically risky foreign policy line.

In Mr. Bushy's words, "It does not appeal to the concern of the bulk of the country about strength against the Russians."

Nonetheless, Mondale strategists believe their approach will exploit a major vulnerability of Mr. Reagan and appeal to the public mood. They reckon that Democrats can score strongly this year on the broad issue of war and peace and especially on nuclear arms control.

Private opinion surveys supplied to the Mondale camp have indicated that voters' greatest worry about a second Reagan term is the fear that somehow the Republican White House will enmesh the country in armed conflict.

In recent weeks Mr. Reagan has eased his

public conditions for a summit meeting with the Soviet leader, Konstantin U. Chernenko, and agreed in principle to enter into talks this fall with the Russians on limiting anti-satellite weapons.

But Peter D. Hart, the Mondale poll taker, said he had detected no significant change in public uneasiness about Mr. Reagan's foreign policies.

"Reagan's foreign policy stuff frightens people," said Robert S. Strauss, a former Democratic Party chairman. "I think Reagan's vulnerability politically in the world being less safe than three years ago."

Repeatedly, Mr. Mondale has preached that message. In May, for example, he warned that the Reagan policy in Central America would lead to involvement of U.S. combat troops in the region.

As an alternative, Mr. Mondale pledged to end U.S. military exercises in Honduras and to withdraw "our combat forces from Honduras but to continue aid and training for both the Honduran and Salvadoran armies.

The contrast Mr. Mondale has deliberately struck is not with the Democratic past but with the Republican present. Arms control offers his central line of challenge to the president.

In effect, he is resuming the policy debate of the 1980 campaign when Mr. Reagan attacked President Carter for being too soft on the issue.

Mr. Mondale has ridiculed Mr. Reagan's decision to pursue research in modern weapons systems for a space-based defense shield. Mr. Mondale assailed the idea as "a hoax" and warned that it would cost hundreds of billions of dollars and open a new front in the arms race without offering real protection.

Soberly, Mr. Mondale has said, "There are many, many other issues, but that's the only one that counts."

J.S. Senator, Surprising Leadership, Sees Compromise on Military Budget

By Jonathan Fuerthbinger
New York Times Service

WASHINGTON — The Senate's assistant majority leader says the final military budget for 1985 would grow 5 percent after inflation rather than the 7.5 percent that President Ronald Reagan and most of the Republican leadership have insisted on.

The comment Friday by Ted Stevens of Alaska, who is also the chairman of the Appropriations Committee on Defense, caught the White House and the majority leader, Howard H. Baker Jr., by surprise.

Mr. Baker said he did not expect to be the final figure, in going to talk to Senator Stevens, he added. The White House, a statement, said it was continuing to push for a 7.5 percent rise. The military budget for the next year, which starts Oct. 1, has been caught for weeks in a deadlock between the Senate, which is controlled by the Republicans, and the House, which is controlled by Democrats. The House leadership wrote a 3.5 percent rise after inflation into its budget resolution 1985 and has offered to compromise at 5 percent.

Mr. Stevens' subcommittee approved a bill Friday that would add overall Pentagon spending authority of \$299 billion next year, full 7.5 percent sought by the president and the Senate leadership. Spending authority allows the Pentagon to commit money for

programs, but because many projects extend over several years actual spending would be less.

Mr. Stevens said he got his committee to approve the appropriation bill in an effort to get around deadlocks between various committees of the House and the Senate.

Mr. Stevens said that although he supported the president's military budget, "whether we like it or not we will get 5 percent, and we'll be lucky to get that."

"Sometimes we have to make up our mind," he said, directing his comment to the president. "I'm telling him what's achievable."

Mr. Stevens said, "There has been sort of an understanding between both houses that it will be 5 percent real growth."

Mr. Baker, of Tennessee, was visibly surprised when asked about the comments. "I respect Ted's opinions in most things, but I have no reason to expect that will be the end result," he said.

The settling of the military budget is the last major decision to be made on this year's deficit reduction package. A 5 percent growth figure would mean that the final package would cut deficits, now projected to total about \$800 billion through 1987, by about \$160 billion over the three years.

The White House staff, in California with the president, dodged questions about whether Mr. Reagan would accept a 5 percent rise. Martin Fitzwater, deputy White

House press secretary, said the president would press for 7.5 percent.

This insistence and disputes over the MX missile and other weapon systems have led to a stalemate on the military budget. House-Senate conference committees are deadlocked on the budget resolution, which sets nonbinding targets for spending authority, and the military authorization bill, which approves broad programs but not the money to pay for them. The money is approved in an appropriation bill.

Mr. Stevens' strategy is to try to get the bill approved Friday by the subcommittee and through the full Appropriations Committee possibly next week, just before the recess for the Republican National Convention and Labor Day. Then, Mr. Stevens said, the Senate would have "a defense baseline" reflecting the president's desire for a 7.5 percent rise in the military budget.

Mr. Stevens said the Senate would then be able to get the president's military budget, or most of it, to a conference with the House.

In conference, Mr. Stevens predicted, the military spending increase the president wants would be cut.

A 5 percent increase in spending authority for the military in 1985 would reduce the \$299 billion figure the president wants to about \$293 billion, according to committee staff. The House budget resolution figure is \$285.7 billion.

Justice Stevens Says His Colleagues Have 'Leaped' to Exceed Authority

By Fred Barbash
Washington Post Service

CHICAGO — Justice John Paul Stevens has delivered an unusual rebuke to the Supreme Court's majority of overreaching authority in controversial civil and its defendants' rights cases. Justices rarely carry their disputes into a public forum and discuss specific cases as Mr. Stevens did Saturday in dedicating a building at the Northwestern University School.

His comments concerned the scope of law under which judges supposed to keep their rulings narrow as possible and deal with issues unnecessary to the resolution of a case.

Saying the majority had issued excessively "far-reaching" pronouncements and had "grasped" "leaped" to decide issues that it should have avoided, he referred to several cases.

Mr. Stevens said the court had erred in the case of Memphis Shipyards Union vs. Stotts by testing that racial quotas in employment might be illegal.

He said the case, in which the court ruled that a court may not be an employer to protect the recently hired black employees at the expense of white employees who have more seniority, had been decided on much lower grounds.

At the court's election to make a reaching pronouncement concerning the limits on a court's power

to prescribe affirmative action as a remedy," he said.

In a second case, Colorado vs. Nuñez, the court considered a criminal law decision from the Supreme Court of Colorado and then dismissed it for being purely a state law matter over which the federal courts have no jurisdiction.

Justice Byron R. White, joined by Chief Justice Warren E. Burger and Justice Sandra Day O'Connor, agreed in a separate concurrence that the court had no power to review the case, but they nevertheless criticized the Colorado court's ruling.

"Three members of the court who are often described as conservatives — and who expressly agreed with the court's jurisdictional holding — could not resist the

police automatically come at the expense of the individual."

People who live in the United States have more rights and enjoy more freedoms because of the work of the United States Supreme Court during the term," he said.

Mr. Lee said that rulings favoring the police automatically come at the expense of the individual.

"Very simply, crime inhibits freedom," he said. "For the overwhelming majority of people in America, the thief, the rapist and the kidnapper pose a significantly greater threat not only to our liberties but... to our liberties than to the policeman and the jailer."

Some commentators have said that Justice's nine-year absence from politics may have dulled his political skills. Opinion polls show he was badly defeated in a recent series of debates with Mr. Mulroney.

Official Resigns;use of Funds Cited

Washington Post Service

WASHINGTON — Fred J. Villegas, No. 3 official at the Federal Emergency Management Agency, has resigned because of allegations that he misspent \$100,000 to renovate a government building in Maryland.

Mr. Villegas' resignation from agency, which is charged with preparing for national disasters, two days after a House subcommittee heard evidence he had red extensive renovations to a rumbling building in Emmitsburg, Maryland.



John Paul Stevens

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A woman checks globs of oil on a beach at Galveston.

Oil Spilled From Grounded Tanker Fouls Texas Coast, Spares Marshes

United Press International

GALVESTON, Texas — Globules of crude oil from a grounded tanker coated a coastal area spanning this city's most popular tourist beaches but missed two environmentally sensitive marshlands.

Crews used road-working equipment Saturday to remove the oil, which was spilled when the British ship Alvenus went aground July 30 about 100 miles (160 kilometers) east of the shore of Cameron, Louisiana. The spill has been estimated at 1.25 million gallons (4.7 million liters). Texas officials confirmed that 55 miles (90 kilometers) of coastline had been affected.

"The environmental impact of this thing was very minimal," said Dale Pluckett, a spokesman for the U.S. Coast Guard. "No sheen, let alone any oil, got into the marshlands. That's what would have been hard to clean up."

Turner, Seeking Votes, Goes to Canada's West

By Douglas Martin
New York Times Service

VANCOUVER, British Columbia — Prime Minister John N. Turner carried his election campaign to western Canada last week in an effort to end the bitterness that existed between the people of the region and his predecessor, Pierre Elliott Trudeau.

Mr. Lee, whose office argues the government's side in cases before the court, made his remarks Friday. He took strong issue with the contention that the court, in its term that ended last month, had taken a philosophical turn to the right that unfairly favored government authority over individual liberty.

People who live in the United States have more rights and enjoy more freedoms because of the work of the United States Supreme Court during the term," he said.

Mr. Lee said that rulings favoring the police automatically come at the expense of the individual.

"Very simply

INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

A Food Policy for Africa

There is, in most of black Africa, a permanent food crisis — a "food challenge," the development experts euphemistically call it — and it has been getting worse. In "normal" times, without major drought or world recession, millions of people are disabled by malnutrition and poor diet, and millions die. Most of the countries in which they live were pitifully poor upon assuming independence 25 years ago. Through the 1960s and 1970s their food production expanded at an average annual rate of 1.5 percent and their populations at 2.9 percent. Commercial food-grain imports reached 20 million tons in 1980, food aid 1.5 million tons. Droughts and world recession cut into local production and imports alike.

America has always been a major provider of food assistance to Africa. The Reagan administration went against that tradition earlier this year when it allowed \$60 million in African famine relief to remain hostage for several months to congressional approval of aid to Central America. However, leading private agencies have saluted the African food aid

initiative that the Reagan administration presented last month. The program calls for financing transportation associated with food aid, funding to accelerate relief procedures, prepositioning grain in selected Third World areas, and creation of a task force to make better forecasts of food shortages.

But food aid is not the Africans' prime need; more efficient food production is. The UN World Food Council reports that many African countries are addressing the "inefficient marketing channels, artificial price-fixing measures (which usually favor the urban consumer at the expense of the rural producer) and other macroeconomic policies that adversely affect incentives for the production of food." But few of these countries are doing nearly enough about it. To spur them on, the Reagan administration has proposed a five-year, \$500-million incentive for food policy reform — its "economic policy initiative for Africa." Congress is being a bit sticky on the details, but the idea is just what Africa needs.

— THE WASHINGTON POST.

The True Olympic Spirit

Meeting with American Olympians on the eve of the Los Angeles games, President Reagan identified himself squarely with the "new patriotism" which, he suggested, was about to be expressed and exemplified in the performance of those athletes. It was a bit of hubris, but it was perhaps forgivable. An element of nationalism lies close to the core of the Olympic games, and no less — perhaps more — among spectators than among participants. It is something that no political run for reelection could be expected to ignore.

Other feelings have also been on view in Los Angeles. We have in mind a special moment on Thursday. The American men's gymnastic team had won a thrilling upset victory two nights before, edging out the Chinese and Japanese, and the individual men's gymnastic competition was now in full swing. Bart Conner did gymnastics on the pommel horse of a surpassing strength and elegance, and got a 9.95. He stood near the apparatus as Li Ning

— THE WASHINGTON POST.

Leave Religion Out of It

When John F. Kennedy became president a generation ago, it was thought that the issue of a candidate's religion was buried forever in America. After nearly 200 years of Protestant presidents, the country was finally led by a Roman Catholic. And if a Catholic, why not a Jew, a Buddhist or a Moslem? Why not, for that matter, an agnostic or atheist? What matter in presidents are human values, moral values, not religious affiliation or baptism. That the devil can quote Scripture for his own purposes is, after all, something most of us have learned before reaching voting age. Yet now, due to a president who has been relentlessly blurring the line between church and state, religious credentials are again being factored into the electoral process.

Consider a speech that Mr. Reagan made recently at a Roman Catholic church in Hoboken, New Jersey. He said he did not believe that someone can be compassionate and yet support a woman's right to choose abortion. "How can they parade down the street, wearing compassion as if it were a cloak made of

— THE NEW YORK TIMES.

Other Opinion

A Soviet Boot for Honecker?

The planned visit to West Germany next month by Erich Honecker, the East German leader, clearly had to be cleared with Moscow in the first place, and could still be canceled on orders from the same quarter. So what is going on? It is unlikely that what we are witnessing is a pure charade, any more than it is a dangerous rift between [East Berlin] and the Kremlin. But there have been many signs lately that, in the face of Russia's continuing inability to raise the living standards of Eastern Europe from her own resources, East Germany is moving toward those other Comecon countries (notably Hungary, Romania and Poland) which are seeking economic salvation from the West. In other words, Herr Honecker may be trying to wriggle his toes just a little too much, with the Kremlin feeling that the time has come to bring a cautionary boot down on them.

— The Sunday Telegraph (London).

For Koreans, another nation plagued by postwar territorial division, the progress being

made by the Germans for national reconciliation draws keen attention — and envy. [Could] North Korean leaders soon become versatile enough to learn a lesson from another Communist state, East Germany, in tackling the imperative task of easing the national pains and paving the way for unification?

— The Korea Times (Seoul).

A Futile Mission to Moscow

The recent visit to the Soviet Union by the United Nations secretary-general, Javier Pérez de Cuellar, was deeply disappointing. There was no joint communiqué, and his frustration was candidly reflected by his avoidance of the press. All he was prepared to say was that his visit was useful in that he had been able to hear the views of his hosts on a wide range of issues. Whatever transpired on the question of Afghanistan remains secret. The obvious conclusion is that the secretary-general got nowhere in his discussions on a political settlement.

— South China Morning Post (Hong Kong).

FROM OUR AUG. 6 PAGES, 75 AND 50 YEARS AGO

1909: A Grand Send-Off for the Czar

COWES, England — The Emperor and Empress of Russia brought beautiful weather to Cowes from the moment they arrived here, and this afternoon [Aug. 5], in lovely sunshine, they left, amid salutes from the Dreadnoughts and friendly waves of handkerchiefs from the Victoria and Albert, where all the Royal family had assembled on the bridge. From the signal mast of the Royal yacht, as the Standard moved up, the following signal was hoisted: "Good journey, au revoir." The Imperial procession was a pretty sight. While three Dreadnoughts remained at anchor, three more which had been anchored a mile or so up the Solent steamed out and took the lead. Next came two sage-green Russian torpedo boats, then the Standard, flying the Imperial standard at the main, looking very smart, trim and graceful.

1934: Admiral Byrd Awaits Rescue

LITTLE AMERICA, Antarctica — A second attempt to reach Rear Admiral Richard E. Byrd, who is alone in a snow hut 123 miles from Little America, the base camp of his Antarctic expedition, has started. Anxiety as to the fate of Admiral Byrd, marooned alone in his hut, has been set at rest by the resumption of wireless communication between the explorer and his base. The first rescue party set out for Byrd's lonely outpost two weeks ago after he radioed that he had hurt his arm and requested that two meteorologists be sent to break the vigil that he had planned to keep for five months during a survey which, it was hoped, would throw some light on the past and future climate of the region. A severe blizzard drove back the party, however, after it had covered twenty-eight miles.

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A Year After Triumphs, Pinochet's Opposition Is Split by Bickering

By Jackson Dichl
Washington Post Service

SANTIAGO — The movement against the 11-year rule of President Augusto Pinochet is in disarray.

"The opposition is in crisis. The political liberalization is over. Pinochet is happy," said Genaro Aragada, a leading Christian Democrat. "It's very depressing here."

The relaxation of pressure on General Pinochet has come a year after his moment of greatest crisis in May 1983, mass anti-government protests began. Three months later, General Pinochet ordered 2,000 troops into the streets to control demonstrations. The resulting clashes caused 27 deaths in two days.

The opposition parties, which just concluded an alliance, demanded the president's resignation. A recession, marked by unemployment of 32 percent, showed no sign of ending. Military unrest over government repression surfaced for the first time.

Now, the fortunes of General Pinochet and his opponents in some ways appear to have reversed. There have been no major protests since the last national day of protest failed in May.

The government has abandoned one plan for political liberalization and returned to repressive measures against adversaries. The economy is slowly improving and official unemployment is down to 4 percent.

Dissent in the military has been overshadowed by discontent within the traditional political parties. A split within the Socialist Party was allowed by feuds among Social Democrats, Radicals, Christian Democrats and Communists. Attempts to reorganize the multiparty democratic alliance collapsed.

The groups "have fallen apart by themselves," General Pinochet said recently, "because they cannot live together."

Only the violence has appeared to remain constant. Local news media have reported more than 250 terrorist incidents in Santiago this year. Human rights groups have reported more than 100 deaths from repression in 15 months.

Political leaders insist that General Pinochet's plan to rule for at least five more years remains intact. Despite the opposition's troubles, the president's own support as not appeared to increase, and political parties are organizing a new campaign of demonstrations beginning this month.

Yet many opposition politicians are beginning to conclude that it is their own division, more than General Pinochet's leadership, that is locking the way to democracy.

"These are legislators who know how to make proposals and hold debates," said Marcelo Contreras, Socialist magazine editor. "What they don't know how to do is get rid of dictators."

Many politicians trace the opposition's decline to the weeks following the last major anti-government protest in late March.

Those national demonstrations lined the support of small business and transportation sectors for the first time, and encouraged op-

position leaders hoping to move the country toward a national strike.

General Pinochet quickly responded to the campaign. He dismissed the last in a long series of rigid free-market economists who had conducted Chilean policy for nearly a decade, and appointed new economic advisors who moved toward more traditional policies of state stimulation of the economy and protection of local business.

The changes defused the discontent and revived hopes of economic recovery, several observers said. At the same time, General Pinochet made it difficult for the opposition to coalesce, by banning assemblies of labor leaders seeking to organize strikes and by methodically repressing the leadership of the country's militant left.

As these tactics slowed the opposition, its disputes intensified. A national protest called by labor unions in May fell flat, with only partial party support. The funding then spun out of control.

The Democratic Alliance, for example, sought to end internal problems by establishing a new organizational structure that reflected the relative strength of its six major parties.

After negotiations, the new structure broke down because of the opposition of the small Social Democratic Party, which did not want to give up the chance to have its president act as spokesman of the alliance for a month.

But the conflict has been most clearly expressed in a struggle for the allegiance of the Christian Democratic Party, the centrist anchor of the opposition and counterweight to the well-organized, pro-Moscow Communists.

Almost since the protest movement began, the left has sought to draw the Christian Democrats into a unified opposition front.

Meanwhile, rightist sectors formally independent of both the opposition and government have proposed that the party break from the left and negotiate a transition to democracy with the military.

The left would like to defeat the right decisively and shape the political future with a center-left coalition. The traditional, non-Pinochet right, in turn, seeks a center-right bloc that would exclude the left, in particular the Communists.

Many Christian Democratic leaders say the only solution to the country's problems lies in a consensus under which the right and left accept each other's existence.

Yet after 11 years of military rule and growing rightist dissatisfaction with General Pinochet, the two sides appear to be irreconcilable.

Perhaps as a result, a leadership struggle has developed within the Christian Democratic Party, which includes at least three competing camps. The opposition may not progress, some observers say, until after the party's internal elections and a party congress in November.

General Pinochet, meanwhile, continues in power. "If this keeps up," said Mr. Contreras, the Socialist editor, "people will begin to choose more radical options. And if Pinochet makes it to 1989, the political center will be destroyed."



The ultralight craft used by the Czechoslovak student to flee to Austria. *The Associated Press*

Czechoslovak Soars Across Austrian Border

The Associated Press

VIENNA — A Czechoslovak engineering student seeking political asylum flew over the Austrian border in an ultralight aircraft, making it difficult for the opposition to coalesce, by banning assemblies of labor leaders seeking to organize strikes and by methodically repressing the leadership of the country's militant left.

control said the student "comes from a prominent scientific family" and "can't be more specific. But he clearly showed technical skill."

The student took the parts of the craft by car to a wooded area where he assembled it. He took off from Loozmo, near the Austrian border, during the middle of the night.

The police official said: "The young man told us that he planned his escape for about a year," building "a technically very interesting contraption."

Europeans to Press Superpowers On Space Talks After U.S. Elections

By William Drozdiak
Washington Post Service

BONN — West European governments appear resigned to the growing likelihood that U.S.-Soviet talks on space weapons will not occur before the U.S. elections in November. But they remain determined.

The Western allies generally agree that President Ronald Reagan improved his stature in Europe by quickly accepting the Soviet offer, made June 29, to open space weaponry talks in Vienna on Sept. 18.

Moscow's subsequent hacking, by its own admission, at the United States of posing intolerable preconditions, has left the Soviet leadership looking divided, or, in the words of Sir Geoffrey Howe, the British foreign secretary, unwilling "to take yes for an answer."

Even if the quibbling is resolved and the talks open next month in Vienna, European officials are convinced that no substantial progress will take place until after the U.S. elections.

The West German government has accepted the probable hiatus in talks with equanimity. An adviser to Chancellor Helmut Kohl said: "The West will be better served by an American president who can negotiate with the Russians with a fresh, four-year mandate."

West German and other European officials say that subjecting the proposed Vienna talks to the feverish emotions of a U.S. election campaign could encourage ploys that might damage confidence in the arms control process.

A fiasco in Vienna would not only worsen U.S.-Soviet tensions, but also make it difficult to revive the Geneva talks on medium-range and intercontinental nuclear missiles, the officials said.

European officials admit they are perplexed by the motives that lie behind recent Soviet behavior in squelching the Vienna talks after first suggesting them.

Moscow, some officials say, may have felt assured that Mr. Reagan would reject the offer after his repeated public declarations that the United States needed to catch up with the Russians before starting negotiations. The Russians have tested a crude anti-satellite system.

French commentators said that one of the Kremlin's objectives in suggesting the talks was to attempt to drive politically the United States and its European allies. If Mr. Reagan had refused, the administration might have found itself isolated.

In Brussels, at the headquarters of the North Atlantic Treaty Organization, officials said they were convinced there was "a legitimate possibility" the Russians wanted to start the talks in September in an effort to freeze reported U.S. plans to test a space-based anti-satellite platform this fall.

"The Soviets could believe the

U.S. is poised to make a great leap forward later this year in anti-satellite testing and they wanted to stop it," a NATO official said. "But in any event, there has been no strong urging from the Europeans for a self-imposed moratorium by the United States."

The only criticism from the allies of Mr. Reagan's diplomatic fencing with the Russians arose with the initial U.S. request to broaden the agenda of the space weapons talks to include nuclear missiles.

NATO officials said some delegations believed the United States should have seized the opportunity to pull the Russians into negotiations, without providing Kremlin leaders any pretext to withdraw their offer.

The anxiety felt in Europe about the risks of an arms race in space is expected to revive pressure after the U.S. election for initiatives by the superpowers to reach agreement quickly on restricting anti-shuttle weapons and anti-missile defenses.

Prime Minister Margaret Thatcher of Britain warned last

month that "if each side of the Iron Curtain goes on to the next stage of research, the next stage of weaponry, the other will surely follow."

She said outer space could be "turned into a new and terrible theater of war."

Karsten Voigt, foreign affairs spokesman of West Germany's opposition Social Democratic Party, said European fears about the space weapons race are so great that the issue will soon present a greater challenge to NATO's survival than did the controversy over missile deployment.

The concern that Europe could be left exposed as a nuclear battleground while the superpowers developed invincible laser-based weapons has spurred the allies to rally behind a French proposal that would severely restrict military systems in space.

The proposal would ban weapons that could strike high-altitude observation and communications satellites and also block for at least five years all tests and development of laser weapons capable of destroying ballistic missiles.

Theft, Export of Ship Parts From Rolls-Royce Reported

Reuters

LONDON — The police have uncovered a racket at the engine manufacturer Rolls-Royce Ltd. involving the theft of engine parts for warships and their secret shipment to Iran and Argentina, a British newspaper reported Sunday.

The Sunday Telegraph said the fraud squad was investigating corruption at the state-owned company's factory near Coventry, including the theft of parts for warship gas turbines over the past seven years. It said millions of pounds sterling were involved.

The newspaper said the police were also investigating allegations that cash and other gifts, including

vacations, had been given to employees of other companies to help win contracts.

Police officials confirmed that they were investigating allegations of theft and corruption at the plant and the disposal and distribution of stolen property.

A spokesman said a number of men would appear in court Tuesday in connection with the theft of gas turbine components, but he refused to confirm or deny that parts had been smuggled to Iran or Argentina. He gave no further details.

Rolls-Royce, which makes engines for planes and ships, is not directly connected with the Rolls-Royce luxury car maker.

Panama May Ask U.S. to Shut Base Used for Training of Latin Soldiers

The Associated Press

WASHINGTON — The United States may be forced to close a school in Panama at which 44,000 Latin American soldiers have been trained by U.S. officers since 1940.

French commentators said that one of the Kremlin's objectives in suggesting the talks was to attempt to drive politically the United States and its European allies. If Mr. Reagan had refused, the administration might have found itself isolated.

In Brussels, at the headquarters of the North Atlantic Treaty Organization, officials said they were convinced there was "a legitimate possibility" the Russians wanted to start the talks in September in an effort to freeze reported U.S. plans to test a space-based anti-satellite platform this fall.

"The Soviets could believe the

U.S. is poised to make a great leap forward later this year in anti-satellite testing and they wanted to stop it," a NATO official said. "But in any event, there has been no strong urging from the Europeans for a self-imposed moratorium by the United States."

The only criticism from the allies of Mr. Reagan's diplomatic fencing with the Russians arose with the initial U.S. request to broaden the agenda of the space weapons talks to include nuclear missiles.

NATO officials said some delegations believed the United States should have seized the opportunity to pull the Russians into negotiations, without providing Kremlin leaders any pretext to withdraw their offer.

The anxiety felt in Europe about the risks of an arms race in space is expected to revive pressure after the U.S. election for initiatives by the superpowers to reach agreement quickly on restricting anti-shuttle weapons and anti-missile defenses.

The proposal would ban weapons that could strike high-altitude observation and communications satellites and also block for at least five years all tests and development of laser weapons capable of destroying ballistic missiles.

Massacres Are Reported in Uganda

Slaughter of Civilians Called Worse Than Under Idi Amin

By Carlyle Murphy
Washington Post Service

WASHINGTON — The Ugandan Army has killed or starved to death thousands of civilians in recent months as part of the government's fight against insurgents, according to sources.

The deaths, mostly of women and children, as well as arrests of hundreds of political activists, are part of a campaign observers say is worse than during the eight-year rule of Idi Amin, the former dictator.

Elliot Abrams, assistant secretary of state for human rights and humanitarian affairs, said U.S. efforts to stop the killing have been unsuccessful. He said he planned to discuss it in detail at a congressional hearing this week.

A Ugandan Embassy official in Washington denied the assertions.

Mr. Amin was in power from 1971 to 1979. He suspended parts of the constitution, dissolved the National Assembly and has been accused of using troops to brutalize political opponents. Mr. Amin was removed from power after intervention by the Tanzanian Army and Ugandan exiles. The country had a series of appointed governors before the current elected president, Milton Obote, took over in 1980.

According to the U.S. sources and sources in private refugee-monitoring groups, the situation has deteriorated again and between 100,000 and 200,000 Ugandans have been killed in the past three years in an area of the country known as the Luwero triangle.

Many of those deaths have occurred since March when Mr. Obote's government will hold its first congress in 20 years this week. About 6,000 members of Zimbabwe African National Union will debate a draft constitution whose central plank is the establishment of a one-party state in Zimbabwe under its own "vanguard leadership."

"Millions of dollars which could be used to save lives are being stopped at Kampala," a source said.

In addition to the food cut-off, numerous reports of massacres and indiscriminate killings by the army in the Luwero triangle and in the northeast region of Karamoja began reaching Kampala in May.

These have led Western observers to conclude, in the words of one, that the government has initiated "a get-tough policy in which non-combatants seem to be the principal victims."

"It's a policy of terror in which people are being massacred," the source said.

Roger Winter, director of the U.S. Committee for Refugees, said: "It would not have been believable to a Westerner that conditions in Uganda could be worse under Idi Amin. But the numbers of people affected by these crazy, irrational killings are larger. There is not the buffoonery and notoriety attached to Obote that was attached to Idi Amin and so it just goes along and very few people focus on it."

Aggrey A. Awori, a minister at the Ugandan Embassy, said: "Your story is totally untrue. It is nowhere near the truth. It is deliberately calculated to malign the authority.

The congress will debate how to proceed toward a one-party state from the present multiparty democracy. A change to the country's constitution now requires the as-

sembly and that some inmates, to stay alive, had eaten the flesh of prisoners who were dead. The refugee, a 26-year-old taxi driver, said he believed he was imprisoned because he was a member of the Baganda tribe, which supports the opposition Democratic Party.

An estimated 800,000 civilians have been displaced in Uganda because of the continuing conflict, whose roots lie in tribal, religious and political differences.

"Our own efforts have not prevented the situation from getting worse and it is getting worse," Mr. Abrams said. He said he planned to give a full report on Uganda when he testifies Thursday before the House Foreign Affairs subcommittee on Africa and human rights.

The United States has a \$100,000 military-aid program with Uganda. Mr. Abrams said: "It has provided \$9 million this year for three educational and medical programs through the Agency for International Development. Uganda has more than \$400 million in loans from the International Monetary Fund, an IMF spokesman said.

Mugabe's Party Meets To Solidify Its Control

Reuters

HARARE, Zimbabwe — Zimbabwe's ruling party will hold its first congress in 20 years this week.

About 6,000 members of Zimbabwe African National Union will debate a draft constitution whose central plank is the establishment of a one-party state in Zimbabwe under its own "vanguard leadership."

The meeting will begin Wednesday on the 21st anniversary of the founding of the party, which is now split.

The Zimbabwe African National Union held its first congress in 1964, and Robert Mugabe, now the prime minister, was elected to one of the three top posts.

The second congress will assess the party's performance since winning power in the independence elections of 1980 and map strategy for elections to be held sometime in the next six months. It will use the election as a springboard to bring in a one-party socialist state.

The congress will elect an expanded central committee with 90 members, compared with the present 26. The battle for 42 undesired seats is expected to be hard fought.

From the central committee, the party's president, Mr. Mugabe, and his vice president, Deputy Prime Minister Simon Mugwara, will appoint a 15-member political bureau that is to become Zimbabwe's ultimate authority.</p

Still Waiting for the 'Real Nixon' to Go Public

(Continued from Page 1)
feller dream, to suggest that these diaries are a potential source of revelation to future historians.

Take one September day in 1972. Mr. Nixon dictated:

"A round noon, since it was such a beautiful day — clear blue — I went to the pool for a while. It was one of those days when I was able to lie on my back and look up at the leaves. I was reminded of the fact that in the spring the leaves turned over in the wind and the leaves in the spring and the fall were really so very much alike. One portrays the beginning of summer — the other the beginning of winter — one the beginning of life, the other the beginning of death."

That afternoon of presidential relaxation, looking at the leaves reflecting on death, certainly was not on the White House schedule that day. Nor should we misinterpret it as a revelation of Mr. Nixon's true character. But read that passage again and pretend it had been posed in a quiz: name the statesman who said this. Would anyone name Mr. Nixon?

I first learned of the potential significance of Mr. Nixon's dictated diary in the months after his resignation, while researching a book on the collapse of the Nixon presidency, "The Final Days," which was written in collaboration with a colleague, Carl Bernstein.

I learned about them from J. Fred Buzhardt Jr., who had been Mr. Nixon's chief Watergate defense attorney with the formal title of White House counsel for the last year of the Nixon presidency. Mr. Buzhardt died in 1978 at the age of 54.

My interview notes say it was Dec. 13, 1974, four months after Mr. Nixon's resignation, when Mr. Buzhardt first raised the subject of the Dictabets. He was a small man with thick glasses and the look of an intellectual or a bookkeeper. That day, he slipped into a booth at a hotel restaurant and ordered a double cheeseburger.

Once, just before Mr. Nixon's resignation, Mr. Buzhardt and I, the White House chief of staff, General Alexander M. Haig Jr., discussed what Mr. Buzhardt called the "possibility of a presidential suicide."

But Mr. Buzhardt was convinced that no matter how deep Mr. Nixon's despair, he would not take his own life. Mr. Buzhardt felt Mr. Nixon was not the type for suicide. After all, he had weathered so many other adversities.

"Deep down Nixon was very religious," Mr. Buzhardt said, according to my notes of that day.

I asked how and why Mr. Buzhardt had drawn that conclusion.

Mr. Buzhardt implied that there had been some personal crisis, perhaps in childhood, that Mr. Nixon had referred to on the Dictabets.

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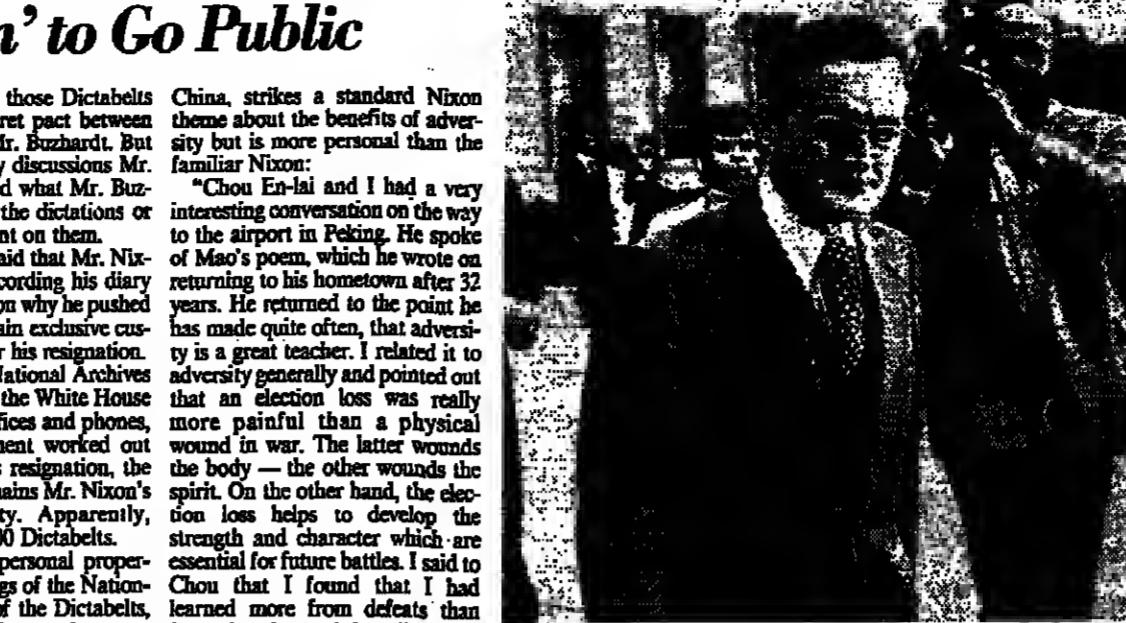
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United Press International

In 1973, Richard M. Nixon's lawyer, J. Fred Buzhardt Jr., left federal court after a hearing called by Judge John J. Sirica after the White House announcement that two of the presidential tapes sought as evidence could not be found.

fast, to my great pleasure instead of my wheat germ they insisted on sending in some of their country sausage, which was totally and perfectly delicious. I am going to have to mix up the breakfasts and lunches just a bit in order to get away from such a drab and uninteresting diet."

Mr. Nixon drew up a balance sheet at the beginning of 1963:

"As the year 1972 ends I have much to be grateful for — China, Russia, May 8 [the decision to mine the harbors of the North Vietnamese port of Haiphong], the election victory, and, of course, while the end of the year was somewhat marred by the need to bomb Haiphong — that decision, I think, can make the next four years much more successful than they otherwise might have been in 1973 will be a better year."

He added: "We understand that during the 1972 campaign, he dictated:

"Certainly, no one could say that we didn't have the jumpers and the squelchers in Michigan. . . . By the time we got back to the residence we were really bushed. Pat had dinner with me in the study — she had a second helping of chicken but I was not really in a condition to eat much and was glad that King [Mr. Nixon's dog] came in to finish off my steak. Pat has been a really tremendous trooper in the past week."

"I finished the day sitting out at the pool and smoking a cigar from Iran."

An Iranian cigar?

Mr. Nixon quotes the diary entry concerning what he described as a memorable campaign trip to the ranch of John B. Connally on Sept. 22, 1972:

"I woke up twice in the night, once at 2, and once at 4 — even though I was terribly tired when I went to bed. Finally at 7 o'clock I woke up again. When I got up, opened the blinds, looked out on beautiful green countryside, at the cows in the pasture, rang for breakfast."

As Mr. Nixon learned later on, trying to keep people from turning state's evidence is also known as obstruction of justice.

When the fatal cover-up conversations with John W. Dean 3d, a former White House counsel who later testified against the president at the House impeachment inquiry, intensified in February and March of 1973, the Nixon diary is filled with praise. Mr. Dean is described as "an enormously capable man." Mr. Nixon also observed: "I am very impressed with him."

Earlier, Mr. Nixon had noted Mr. Haldeman's view of Mr. Dean:

"He had the kind of steel and really mean instinct that we needed to clean house after the election."

After Mr. Nixon had to dismiss his top aides, Mr. Haldeman and Mr. Ehrlichman in April 1973, he stopped dictating. And, he noted in his memoirs, no diary was kept for the next 14 months, one of the worst periods in the Watergate affair. But on June 7, 1974, he returned, like a moth to the flame or a man to his true conscience. By the end of that month he was worried about the plethubs in his leg and how his illness would appear to the public:

"We must make sure that people never get the idea that the president is like Eisenhower in his last year or so, or like Roosevelt, or, for that matter, even like Johnson when everybody felt that Johnson was probably ready to crack up and was drinking too much and so forth. I think we can avoid this by proper handling."

Bob Woodward is an assistant managing editor of *The Washington Post*.

Saudi Arabians Release 17 Americans From Jail In Effort to Bolster Ties

By Judith Miller

New York Times Service

WASHINGTON — Saudi Arabia has released about half the Americans it was holding in prison, according to Saudi and U.S. officials and a prisoner who was recently freed.

A State Department official said Thursday that 17 Americans had been freed under an amnesty for Saudis and foreigners decreed in June by King Fahd. More releases are imminent, the official said.

U.S. officials said that the Saudi action was expected to ease tension with the United States over accusations that U.S. citizens were being psychologically or physically abused in Saudi jails. Saudi Arabia has rejected the charges.

The Saudi gesture was also seen, they said, as reflecting gratitude for U.S. military aid in June.

The aid involved administration approval of an emergency shipment of 400 Stinger anti-aircraft missiles to help the Saudis defend shipping, oil facilities and other installations.

Saudi in Washington denied suggestions that the king's amnesty was related to military aid. A Saudi Embassy spokesman said that Prince Bandar bin Sultan, the ambassador, had been working for months to arrange the release of all Americans in Saudi prisons "to broaden and strengthen relations between the two countries."

There are 65,000 American workers and dependents in Saudi Arabia. On the average, 20 to 60 are in jail at any given time.

Some of the crimes they are charged with, such as drug trafficking, are also criminal offenses in the United States. But others, such as possession of liquor, are not crimes in most parts of the United States.

In October, the United States protested to Saudi police over 10 instances of psychological or physical abuse documented by consular officers.

The United States expressed concern about Saudi reluctance to permit the embassy when Americans were arrested and for not permitting access to some Americans, especially during questioning or drug charges.

Saudi Arabia rejected the protest.

After the report of mistreatment, Saudi officials began an investigation.

Carl D. Perkins, 71, U.S. Congressman, Dies

Washington Post Service

WASHINGTON — Representative Carl D. Perkins, 71, a Kentucky Democrat and the chairman of the House Education and Labor Committee, died Friday at a hospital in Lexington, Kentucky, apparently of a heart attack.

A member of the House of Representatives for 36 years, Mr. Perkins long championed social welfare legislation that ranged from job training to school lunches. He had been the chairman of the Education and Labor Committee since 1967, the year in which the committee handled most of President Lyndon B. Johnson's anti-poverty legislation.

In 1981 he fought a losing battle against budget cuts proposed by the Reagan administration in federal education assistance, employment programs and child nutrition. More recently, he was instrumental in the House passage of legislation permitting student religious groups to meet in public schools.

He was born and reared in Knott County in eastern Kentucky, a region that was and is predominantly poor and heavily dependent on coal mining. That region eventually

became one of the principal beneficiaries of the social welfare programs Mr. Perkins espoused: school lunches, medical assistance for the elderly, help for coal miners afflicted with black lung disease, and federal funding for job retraining and education.

Other deaths:

Philip Van Doren Stern, 83, a historian, novelist and editor known for his books on the Civil War era, Tuesday in Sarasota, Florida, of a heart attack.

Yasuhiro Nakasone, 83, an influential member of Prime Minister Yasuhiro Nakasone's Liberal Democratic Party and a former speaker of the lower house of parliament, Saturday in Tokyo of a brain infarction.

General Pierre Dejaeger-Pontet, 86, a founder of the French Forces of the Interior, part of the French Resistance in World War II, has died, his family said Saturday.

Gopi Krishna, 81, an Indian author and philosopher known for his writings about the value of practicing yoga, Tuesday in Shimla, Kashmir, of pneumonia.

Memories of Watergate Are Said to Be Fading

United Press International

WASHINGTON — A university history professor who is writing a book on the presidency of Richard M. Nixon says the Watergate scandal is rapidly fading from the public memory.

John Hoff-Wilson, an Indiana University professor and secretary of the Organization of American Historians, said in an interview published Sunday that "in my history classes, I find that I can't even use Watergate jokes because undergraduates don't understand the references."

"They look at me as if I am talking in jargon. For them, Watergate is already a dim and distant curiosity."

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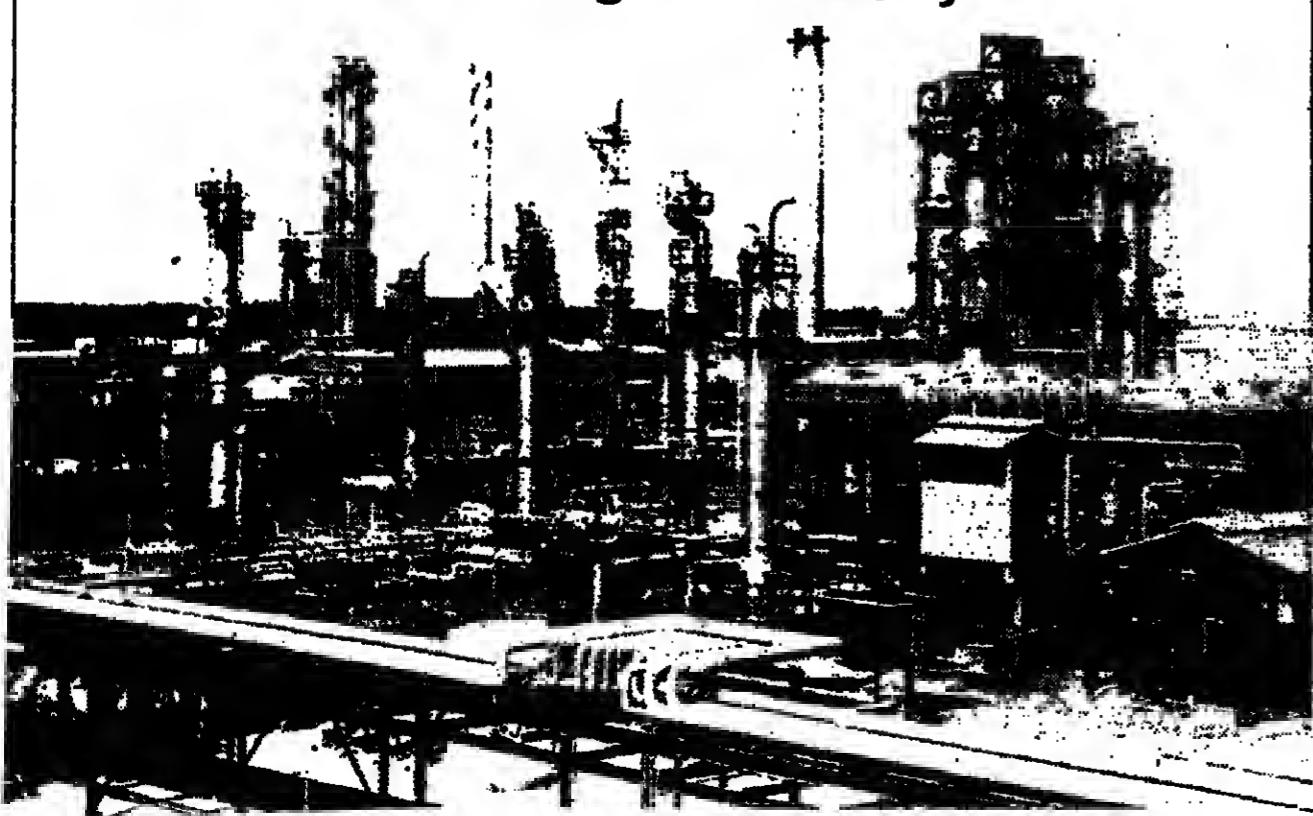
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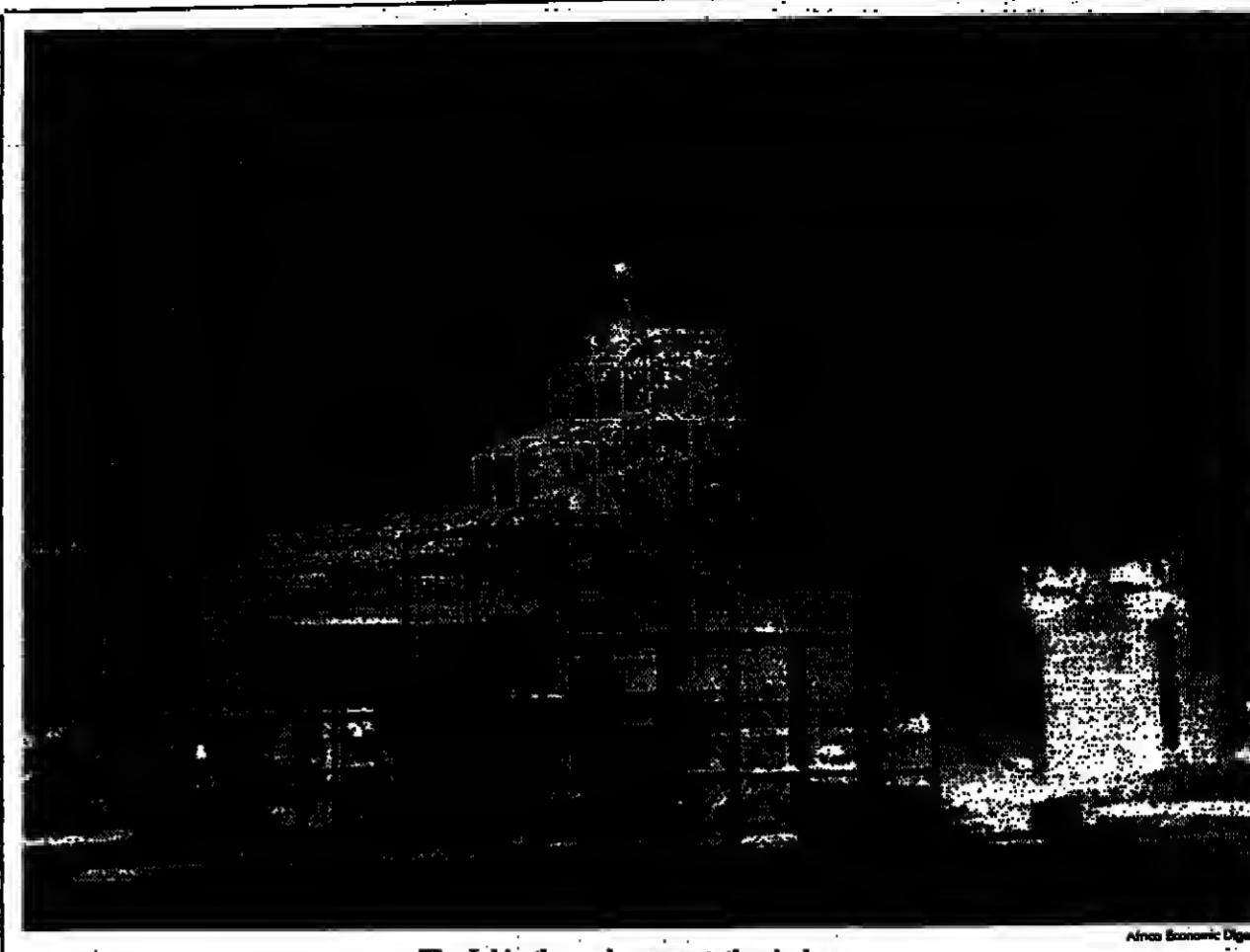
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Waging 'Wai' Against the Indisciplined

LAGOS — On a wall in the Ministry of Finance in Lagos hangs an example of Nigeria's latest attempt to discipline itself:

"Lateness to work is indiscipline.

Jumping over the queue is indiscipline.

Sleeping on duty is indiscipline.

Noise-making in the office is indiscipline.

Leaving office without permission is indiscipline.

Romance in the office is indiscipline.

So don't be anti-wai. Let us put a little order into our lives... By order, chief of staff, supreme headquarters."

Wai, or war against indiscipline, is being waged on every front, from office property to the public execution en masse of armed car robbers, from the tearing down of street traders' kiosks to the secret military trials of corrupt officials of the last regime. If lapel badges and the proliferation of organizations — banks, boy scouts, government departments, the water services, perhaps even the secret society of traffickers in man — that have launched their disciplinary campaign is anything to go by, *wai* is already one of the successes of the regime of General Muhammad Buhari.The skeptics recall that even the former president, Shehu Shagari, was against corruption with his "ethical revolution" and that many officers from previous military regimes have set up businesses and bought large homes, that could not have been paid for out of a soldier's remuneration. But the *wai* target goes further, and it is aimed at inefficiency in the political and economic system — although it is often difficult to draw the line between inefficiency and corruption.

The corruption in the last days of the Shagari government was so staggering as to be barely

believable. In the upper echelons of the presidential advisers, who controlled state contracts, the going *wai* — bribery — rate was as high as a third of the contract price, be it rice, construction or oil.

What makes the ordinary Nigerian particularly angry is not so much that the money was taken from foreign contractors, but that it has not been invested at home. In the eyes of Nigerians, the corrupt officials are guilty more of lack of patriotism than of milking the expatriates.

All the while, Nigerians are watching the parade of state governors, senators, party officials, permanent secretaries, heads of parastatals, local councilors, down to the lowest level of "arrange" and customs official being charged under various military decrees. So far eight of the 19 former state governors have been tried by special military tribunals. Last month, Adamu Attia, the former governor of Kwara, got six concurrent sentences of 21 years for official corruption and abuse of office. He has been ordered to repay 2 million naira, and 42 former Kwara legislators were ordered to repay 40,000 naira each.

Certainly, an added incentive in the government's attempt to put Umaru Dikko, the former minister of transport, on trial was the fact that all the governors and "big men" sentenced up to now have been southerners. Mr. Dikko, a northerner, would have allied criticism that the northern-dominated, Hausa-Fulani, Supreme Military Council was biased.

Mr. Dikko, who was living in London, was the victim of a kidnapping attempt there on July 5. The Nigerian foreign minister, Ibrahim A. Gambari, has said that the Buhari regime was giving priority to building a corruption case against the former minister to speed his legal

extradition from Britain. Mr. Gambari also has said that the military government considered Mr. Dikko, who has been accused by the Nigerian government of looting millions of dollars in public funds while in office, as its public enemy No. 1.

The internal naira squandering of money has been as serious as that of foreign-currency dealing. The Sunday Tribune newspaper reported on a contractor who collected a 77,000-naira "mobilization fee" for the construction of a 100,000-naira town hall in Kuta, in Niger state. Even then failed to get it built. Niger's military governor, the radical Lieutenant Colonel David Mark, ordered the contractor's arrest and the freezing of his bank account. In similar cases, courts or governors have ordered that the job be finished, the money paid, or presumably that the non-deliver go to prison. In Plateau state, 2 million naira in unpaid taxes are being collected from slow payers like state ministries and parastatals.

The main currency change in May was aimed at soaking up billions of actual notes abroad in London, Niger and Benin, and more especially in Saudi Arabia, the biggest naira market in the world outside Nigeria, with 60,000 Nigerian Moslems a year on the hajj pilgrimage to Mecca.

Can the soldiers get to the root of corruption, punish the wrongdoers, encourage the honest and creative, make the savings, while its popularity lasts? Or is corruption so widespread that no one is above suspicion? As a writer in The Punch, a Nigerian publication, said: "The discipline has eaten so deep into our society that if they want *wai* to succeed they should kill every Nigerian from the age of three upwards; that will give the nation a fresh start."

— DENIS HERBSTEIN

Political System' Remains

(Continued From Previous Page)
strongly disagrees with Brigadier Idiagbon. They argue that Nigeria's recurrent socio-political instability and growing economic depression are the consequences of operating in an "ideological void." The end, they say, has so far been affected by the means — or lack of it.

More outspoken than any group on this matter is the Left-leaning Academic Staff Union of Universities (ASUU). In a series of lengthy statements published since this government came to power, ASUU has insisted that Nigeria's problems derive from a "neo-colonial" political outlook and a "dependent capitalist economy."

While the military government might have benignly ignored ASUU's repeated calls for radical socio-political and economic reforms, it is showing increasing concern over radical elements within its own rank and file.

Twice since the soldiers came to power six months ago, the army chief of staff, Major General Ibrahim Babangida, has publicly warned military officers that "this government will not tolerate undue political instability."

Thus, perhaps for the first time since the botched coup by the radical majors in January 1966, radicalism has become an issue in the Nigerian armed forces.

Repeated claims that the December 31 military coup was a strike to pre-empt a radical officers' power bid has equally repeatedly been denied by government spokesmen.

Still, the earlier impression has persisted, occasionally enlivened by the private confession of fear by some key military men that if this government should fail, the alternative would be a radical, presumably leftist, younger officers' takeover that would certainly not be a tea-party.

Some analysts feel that this "fear" might have led the present government to introduce many tough, sometimes draconian measures that may well meet with the approval of the so-called radical officers, but not the bulk of the civilian population.

For instance, the controversial Decree Number 4 of 1984, which has already sent two senior journalists to prison for one year each, is believed by well-informed sources to be an attempt by the government to respond to the radical officers' displeasure with the Nigerian

press. Whether such displeasure is real or perceived is hard to tell. But observers point out that the "special tribunal" set up under decree to try journalists accused of "false publication" is made up of three young officers of major's rank, plus a civilian judge.

But for the majority of Nigerians, the concern is not limited to the divergent ideological postures of the present "moderate" military regime and the intellectual left. Rather it is a return to the search for a solution to Nigeria's cyclic political instability.

As early as January this year, there were some wild, if not widespread, suggestions that the military should straighten things out quickly and get out soon — as soon as six months.

Such calls might have ignored the nature of the Shagari stable, and the volume of housecleaning that the military embarked on. But there is little doubt that the failure of the last democratic experiment notwithstanding, enlightened Nigerian opinion would like to see an early end not only to military rule but frequent military intervention in government.

This was essentially the message that a high-powered delegation of Catholic bishops conveyed to General Muhammed Buhari in a highly publicized visit in June. The clerics pointedly told the military that "it would not be in the best interests of our nation to confirm the impression that we cannot rule ourselves well through elected leaders."

Many without political axes to grind identify with the bishops' stand that "the urgent task ahead is to prepare and identify a new breed of public-spirited and honest politicians to whom we shall eventually entrust our nation..."

For its part, the military government's leading spokesman, mainly General Buhari and Brigadier Idiagbon, have made it clear that the administration is too involved in the priority tasks of economic revitalization and "housecleaning" to give any thought now to the question of its civilian successors.

If the state of the economy inherited from the toppled civilian government is any guide, the government is unlikely to begin to give attention to political succession before 1988, when former president Shehu Shagari would have completed his second term.

Still, already there are glimmers

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ONYEMA UGOCHUKWU, a Nigerian journalist, is deputy editor of the London-based West Africa magazine.

To the Catholic bishops and many others, such relatively "little mermaids" as a ban on economic controls represent a renewal of hope that, in the end, democratic politics will continue to be recognized as "a sacred duty of service to the people."

For now, and perhaps a long time to come, however, the ruling Supreme Military Council has remained Nigerian about the present political reality.

"The federal military government," said a council member, Naval Captain Ebini Ukiwe, at a recent seminar, "does not pretend to be running a democratic system of government."

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Stringent Economic Measures Adopted by New Government in the 1984 Budget

By Onyema Ugochukwu

LONDON—Even before it was made public on May 7, commentators had taken to describing Nigeria's delayed 1984 budget as the most important in the country's history. The deterioration of the economy under the civilian administration had been so extensive that everyone's assessment, very radical action was needed to check the decline and put the economy on a path to recovery.

Even the usually complacent administration of Shehu Shagari had recognized this, belatedly perhaps, judging by the drastic changes proposed in the budget he presented two days before he was overthrown in a military coup. The military administration that succeeded him, since it gave the deterioration in the economy as one of its main reasons for intervening, was expected to go even further than he proposed, in order to bring about a quick restructuring of the economy.

The problems that the 1984 budget had to address were numerous, but all arising essentially from the decline of Nigeria into a one-commodity (oil) economy from the early 1970s. From 1974, oil exports started to account for over 90 percent of Nigeria's total foreign-exchange earnings, and up to 75 percent of all government revenues, providing the money for

ambitious public expenditure programs, which in turn provided the impetus for the unsustainably rapid expansion of activities in a highly import-oriented economy.

When oil revenue failed to accrue in the usual amounts following the glut in the world oil market from 1981, the Nigeria economy not surprisingly went into a steep decline, and the government's initial unwillingness to face the reality worsened the situation. By the end of 1983, foreign-exchange inflow had declined to about \$700 million a month, less than half the average for 1980. Foreign-exchange expenditure had also declined, but much more slowly, leaving the country with a backlog of trade payments estimated at between \$3 billion and \$6 billion.

Commitments entered into during the better years of 1981-82 had also kept government expenditures high, and in spite of its drastically reduced revenues, deficit financing had consequently increased sharply. And the effort to conserve foreign exchange through import restrictions had had a devastating effect on the domestic manufacturing industry, which depends on imported raw materials for up to 60 percent of input. Shortages of imported goods were widespread.

What needed to be done in the circumstances, had been the subject of protracted negotiations

from May 1980 with the International Monetary Fund, from which the country hoped to borrow up to \$3 billion over three years. Although the negotiations were still inconclusive by the end of 1983, the civilian government had proposed measures to achieve the IMF requirements. The military, having arrived in government, seemingly unprepared, adopted most of the measures proposed by the civilians, waiting until it would prepare its own budget. As early as January 3, the monetary policy guidelines, which lowered the margin by which banks could increase their lending as well as raise interest rates by two percentage points, was put into force, although it was earlier described as an interim policy.

Exchange controls were also tightened, and all imports were placed on license. The outlines of the budget were thus clear even before it was announced, but the measures still needed to be formulated into a comprehensive policy. In the event, the budget presented by General M. Buhari was as stringent as had been expected. The government hoped through it to cut government expenditures, reduce imports, stimulate domestic agriculture, restructure and streamline local industry, stabilize prices and income and widen its revenue base. Given the economic situation, these objectives appear rather ambitious, but the government, pre-

dicting sacrifice and self-reliance, seems determined to realize them.

Estimating its total revenue at 6.743 billion naira, the federal government budgeted total expenditures of 10 billion naira. Although the implied deficit, at 3.257 billion naira, is higher than that budgeted by the ousted civilian regime, it represents the more realistic assessment of Nigeria's financial situation and was accounted for by the fact that when the previous government had provided only 1.1 billion naira for serving the country's debts, the military government provided a more credible 2.89 billion naira. The government actually cut the recurrent expenditure budget of its predecessor by 15 percent, and it proposes to hold capital expenditures at a lower level.

The allocation of the capital budget reflects, in the main, the new priorities, with agriculture getting 21 percent (\$26.3 million naira) and industry 13.3 percent (\$23.3 million naira), although the allocation to defense of 359 million naira, after a recurrent budget allocation of \$69.2 million naira (to be used mostly in paying salaries of Nigeria's armed forces), seems a bit more difficult to justify. Reflecting the commitment to complete the Abuja project in a more rational way, the plan was allocated 250.3 million naira, or 6.4 percent.

In a bid to increase agricultural production,

the government proposes to use the River Basin development authorities to expand extension services to small-scale farmers, who will also benefit from easier access to credits and higher produce prices. Large-scale farmers, including foreign investors, are to be encouraged with incentives, the most important of which is a proposed amendment of the Indigenization Decree, to allow foreign investors in large-scale agricultural projects to own up to 80 percent of the equity instead of the maximum 60 percent allowed in other sectors.

The measures for encouraging local industry, however, are less clear cut, involving a carrot-and-stick approach. Apart from wanting to see greater industrial production, the government also wants manufacturers to use local raw materials, instead of the imported ones that currently account for a large part of the country's total imports. It also wants to widen its revenue base.

While manufacturers are to be favored in the granting of import licenses for raw materials and spare parts, a ceiling has been imposed on how much may be imported each month. In addition, excise duty is to be charged on 400 items manufactured locally, instead of 68 previously excisable; and duties on raw material imports were generally increased.

In spite of the realism shown, the budget

appears to have been overly optimistic in its view of the foreign-exchange position. The government estimates total foreign-exchange earnings at some 8.796 billion naira, of which 2.5 billion naira will be used to service external debts and 796 million naira put in reserves, leaving 5.5 billion naira for imports of goods and services. The 5.5 billion naira seems to be a gross underestimation of what is needed, judging by the level of imports during the first three months of 1984, which suggests a minimum of 7.5 billion naira. But the government is reluctant to borrow the additional 2 billion naira and appears to have given up hopes of being able to borrow from the IMF, with which it still disagrees on the issues of a devaluation, trade liberalization and cut in petroleum subsidy. Instead, it has been urging Nigerians to make more sacrifices for self-reliance, which in some ways may look like flogging the proverbial willing horse to death.

While the decision by OPEC at its recent meeting to increase Nigeria's oil production quota may improve the foreign-exchange situation, giving the government more room for maneuver, it seems inevitable that the government will have to face up to finding the money to finance a substantial balance of payments deficit.

The Tortuous, Sometimes Contentious Route Toward Financial 'Respectability'

Special to the IHT

LONDON—Nigeria's offer in July of delayed repayment of trade debts to its insured creditors is the latest twist in the government's tortuous and often contentious route toward "financial respectability"—with or without the International Monetary Fund's seal of approval.

In the last two years there has been animated debate inside and outside Nigeria on who was to blame for allowing Nigeria's finances to slip out of control and on the best means of stabilizing a potentially disastrous situation. The financial crisis not only played a large part in the downfall of Shehu Shagari's civilian regime, but has also had repercussions abroad—with exporters of the industrialized world in the frontline. Governments and multinational companies have been dragged into the debate but it has been left to the merchant banks of Europe and North America to assess the problem and to provide guidance to both sides.

On the one side, the "tried" of international banks, S.G. Warburg, Lazard Frères and Kuhn Loeb Lehman Brothers, provide advice to the Nigerian government, advice that has led to a \$2-billion refinancing in 1983 and a much larger offer to trade creditors in recent months. On the other side, stand those banks that finance projects and trade for their customers in Western Europe and North America, most prominently represented by names like Barclays, Bankers Trust and Chase Manhattan, whose collective opinion is vitally important to Nigeria's standing in the world of finance.

In recent months, the pressure has been mounting on Nigeria to conclude its much-discussed deal with the IMF—to which the major sticking-point has been the IMF's demand for a substantial devaluation of the naira. Putting itself in the forefront of this lobby has been the British merchant bank, Morgan Grenfell, which in March this year challenged the quality of the offer to creditors and seems set to continue playing an assertive role in assessing Nigeria's financial credibility.

At a business leaders' conference

on Nigeria held in London in July, Morgan Grenfell's assistant director, Philip Curry, spelled out the message bluntly. A deal with the IMF is necessary, he said, if Nigeria is to get the "certificate of respectability" it needs to continue normal trading.

Mr. Curry's words were music to the ears of the corporate directors present who feel that without the IMF medicine Nigeria will inevitably revert to the "bad old ways" of financial indiscipline.

So far, however, Morgan Grenfell has gone unheeded in Lagos, where it had already become unpopular enough with its tough negotiating advice to creditors like Unilever earlier this year. The bank was roundly panned by the Federal Ministry of Finance announcement in May that it had taken away its mandate to raise finance for the new federal capital at Abuja—a mandate that has now passed to Sammel Montagu, another influential British merchant bank, albeit relatively inexperienced on Nigeria.

In the early 1980s, Morgan Grenfell had been among the most bullish banks on Nigeria and itself lead-managed project loans for the country in excess of \$1 billion. It may be some time before it finds itself repeating the experience.

With the problem of IMF "conditionality" still a major stumbling block for Nigeria's Supreme Military Council and financial managers, there is a critical need for the country to maintain its financial credibility in the meantime. So far this year the performance has been remarkably good, in terms of current trade payments, debt servicing and stemming the foreign-exchange hemorrhage that has traditionally occurred through smuggling and trafficking. A fillip was provided by the OPEC concession on July 11, increasing the country's oil production ceiling by 100,000 barrels a day, which, if extended over a year, will yield an additional \$1 billion of revenue.

By dint of necessity Nigeria has already undertaken—with the vital help of the "tried"—some of the most complex financial arrangements seen anywhere in the world. At the London offices of Chase Manhattan, tens of thou-

sands of creditors' claims are being matched by computer against the information provided by Nigerian importers gathered in Lagos—a process that will lead to the issue of at least \$4 billion of promissory notes in the coming weeks.

The international debate on Nigeria's finances is likely to escalate the longer the country keeps the IMF at arm's length, and the divi-

sions of opinion among the banks may become more pronounced—but some observers feel that the tide may soon begin to turn against the standard IMF demand for devaluations in all the countries that seek its assistance.

Although Nigeria is not a big debtor in international terms, its membership of the Organization of Petroleum Exporting Countries

and the size of its internal market give it an authority and importance that cannot be ignored.

Bankers sympathetic to Nigeria's case have already come to terms with a scenario by which the country will impose its own austerity measures and enforce them with as much determination as the IMF might demand, including a downward adjustment of the exchange

rate of the naira that would amount to "creeping devaluation."

Much depends on the continuous application of consistent austerity, and in this process the role of the Ministry of Finance permanent secretary, Alhaji Abubakar Alhaji, is currently seen as important. He knows the international financial institutions extremely well.

He succeeded in bringing Nige-

ria's case to the personal attention of the IMF's managing director, Jacques de Larosière, in June, and although subsequently the IMF told Nigeria that its stabilization proposals were insufficient for a loan, the prospects of further progress between the two sides have not yet faded.

The crucial battle that Nigeria now has in fight is how to bypass

the demands of export credit agencies that an IMF deal be reached before they will settle for a new Nigerian repayment offer. Nigeria has now shown its hand by last week's unorthodox direct approach to individual assured creditors. But the ingenious formula being worked out by the "tried" may well get accepted through the persuasive powers of Abubakar Alhaji.

CONTRIBUTOR



Street market near a Lagos high-rise building.



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A SPECIAL REPORT ON NIGERIA

The Questions on Unit Trusts Proposals

By Dennis O. Odife

LAGOS—News of proposals to establish the first unit trusts in Nigeria, 25 years after the establishment of the Lagos stock exchange, raises a number of fundamental questions. Why does Nigeria need unit trusts? What will unit trusts look like in Nigeria? Why has it taken so long to set up unit trusts in Nigeria? What are the likely problems and advantages and what role will the stock exchange and the capital market play in the process?

Established in 1959, the exchange received support in its formative years from the Central Bank and the Nigerian Industrial Development Bank.

The NIDB was established to promote new companies that would sell their shares on the stock exchange when they become profitable. As it turned out, the NIDB probably found that it depended greatly on the income from its successful investments to cushion the impact of losses from its less successful ones, and hence it has not pursued the policy of selling off its holdings in successful companies. The government itself appears to be more committed to the idea of spreading the ownership of securities than in fostering a viable and independent capital market.

Partly as a result, and also partly from the reluctance of both indigenous and foreign businesses in Nigeria to use the stock market for raising capital, the number of securities quoted thereon remained small.

The market started with four securities in 1961. The number of quoted securities rose to 13 in 1970 and to 22 by 1972. It rose rapidly from 35 in 1971 to 93 in 1972 largely as a result of the Nigerian Enterprises Promotion Decrees of 1972 and 1977. These restricted the proportion of the ownership of Nigerian companies that foreigners could own, and several companies were directed to sell their shares to the public in a process that has not endeared the Nigerian capital market to them. The prices at which the shares were sold were determined by a federal government agency now styled the Securities and Exchange Commission.

The SEC disputes the claim that it deliberately set out to underprice its securities, but it is known that

in a growth situation, its past-performance-oriented formula was more likely to underprice than to overprice. Moreover, it had to rely on the profits reported by the companies themselves for tax purposes and the level of voluntary compliance for tax purposes in Nigeria has never been very high.

Today, there are 93 quoted equity securities in Nigeria, 22 industrial bonds, 4 preference shares, 59 government stocks and one state bond. In terms of value, government stocks represent more than 60 percent of the market capitalization of about 5.2 billion naira in 1984.

The structure of the holdings of the quoted equity securities is also instructive. A recent stock exchange publication reveals that 42 percent are held by foreign investors, 15 percent by Nigerian government, 8 percent by Nigerian institutional investors and 35 percent by individual shareholders.

Understandably, therefore, the volume of trading on the stock exchange is low (now 200 million to 300 million naira a year).

Official policy discourages speculation, just as the delivery system makes it impractical. It takes at least three months to conclude a transaction starting from placing an order with the stockbroker to receiving the share certificate. Stockbroking is reserved exclusively for Nigerians. There are 16 stockbroking firms.

Why has it taken so long for unit trusts to develop in Nigeria? The pattern of the development of the Nigerian capital market has resulted in a system dominated by the government and the banking sector. Total banking system credit to the economy at the end of 1983 stood at 27 billion naira, of which the government sector took up nearly 56 percent. The bulk of the growth in the stock market has resulted from the indigenization decrees. Before then there was hardly a capital market worth writing about.

When the idea of establishing unit trusts in Nigeria was first considered by the federal government during indigenization it was as a joint venture with the International Finance Corporation, an affiliate of the World Bank. It was also hoped that a national unit trust program could take up any shares not subscribed by the public during

indigenization. It is understood that the idea was discarded, after extensive studies, on the grounds that there were not enough securities. Moreover, the capital market was able to absorb substantially all of the shares and the need to "warehouse" them in a unit trust never really arose.

Establishment of unit trusts has become attractive again, however, because it is now felt that there are adequate securities in the market. The official positions not clear. The SEC appears to take the view that unit trusts are not to be encouraged to the same extent as investment trusts because unit trusts do not create new securities. Such a point of view implies a misunderstanding of the nature of unit trusts.

Unit trusts are legal vehicles established to enable many small investors to pool their assets to enjoy the benefits of diversification and professional management without impairing the liquidity and safety of their investment. Because they are open-ended, unit trusts have the potential to create infinitely more securities than investment trust companies.

There are a number of problems to be resolved before Nigeria can adopt unit trusts. When Nigeria became independent in 1960, most of its laws were adapted versions of British acts. The Nigerian Companies Act of 1968 is essentially the British Companies Act of 1937. Section 393 of the act empowers the minister for commerce to license unit trusts. In Britain the framework for achieving this was set out in the Prevention of Fraud and Investments Act of 1958; unfortunately, when Nigeria became independent this act was not among those adopted. Hence there is no framework for the establishment and operation of unit trusts in Nigeria.

The Exchange Control Act of 1962 precludes investment by foreigners in Nigerian unit trusts, and the NEP Acts restrict those who may invest in the units and what investments the unit trust can hold depending on who the unit holders or the managers are.

With regards to taxation, investment income in Nigeria is under a withholding tax at the rate of 12.5 percent for dividends and 45 percent for interest. Unless the unit trust has Joint Tax Board approval, its income will suffer from double taxation, which will reduce its attractiveness to investors.

It is also doubtful if, in the light of the low volume of trading on the Nigerian Stock Exchange, unit trusts will be able to invest the permitted proportions of their income in equities. Government securities will be no problem, as large quantities of these are available at all times.

Indeed, not only is the framework missing, it is not clear who is to do what. For example, the SEC Act of 1979 empowers the SEC to approve the terms of any issue and to license unit trust managers. The Banking Amendment Act of 1979 includes management of unit trusts among functions to be performed by merchant banks. The Ministry of Commerce, on the other hand, feels that the licensing of unit trusts should be done by the Ministry of Finance. It is unlikely that Nigeria

will consider any of these options.

Another area that bankers would like to see improved is the use of checks. Check-bouncing has become a scourge of Nigerian society, and again there is a law that has not been applied. The Dishonoured Cheques (Offences) Decree of 1977 is, in the words of Femi Adekanye, head of the inspectorate division of the Savannah Bank, "in the cool-er."

"People continue to issue bad checks with such reckless abandon," he says, "that everybody has lost confidence in the use of checks as a mode of payment." That is a distinct disadvantage in a time when, with the shortage of new naira notes since the currency change-over, workers are often paid in high piles of old, dirty 50-kobo notes (100 kobo equal one naira). It is an open invitation to thieves.

Mr. Adekanye wants the Supreme Military Council to order entities such as the power authority, the post and telegraph office, Nigeria Airways and the federal and state governments to accept checks from companies and individuals. He would require all payments above 500 naira to be made by check and all companies would be compelled to accept them. The plan would have a dramatic effect on pilfering of cash by officials, though it would not solve the problem of bad checks.

—DENIS HERBSTEN

Though it is mandatory under the Banking Act for bank auditors to send a list of written-off accounts to the Central Bank of Nigeria, there is nothing legally to stop a wayward debtor from incurring debts elsewhere.

A new law would help counter this, Mr. Sule said. "If a man is declared bankrupt, it harms his standing in the community, his name appears in the papers, it is a warning to others to be more careful and more honest in their business dealings."

He said a distinction should be drawn, however, between debtors who were unable to settle through no fault of their own — because of delayed foreign exchange or a slow payer in another transaction — and those who refused to pay or had no prospect of being able to do so. It is in the latter cases, Mr. Sule said, that it would be better to write off the debts and have the person declared bankrupt.

"Banking is still very profitable," Mr. Sule said, "but our profits for 1983 are down in real terms. There is also a backlog of foreign money coming in, but that will soon dry up. 1984 threatens to be a tough year."

As bankers see it, a bankruptcy law would add greater certainty to their provisions for bad debts. At the moment, they can refuse further credit or sue in the courts, a messy and time-wasting procedure that offers little prospect of recovering much of the money owed.



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A traditional market scene in northern Nigeria.

Lagos Diary

'Items like milk, sugar, coffee are disappearing from the shops and teabags are harder to find than beer. The naira is overvalued, and with police and military roadblocks becoming a way of life, things are not as free and easy as before.'

By Denis Herbstein

LAGOS — If there is any doubt that the good times are over, just pass an evening at the Kano club, where British and other expatriates play golf and 19th-hole alongside the locals.

Many have lived in the north for decades, expecting to see their time out in Nigeria. But now import license problems and the extreme shortage of raw materials, coupled with the slowdown or termination of so many construction projects, are turning business life into a graveyard.

More and more European men are without their wives, having sent their families back to the Continent.

Ordinary items like milk, sugar, coffee are harder to find from the shops and teabags are harder to find than beer. Sugar wholesalers to the trader at 25 naira a 50-kg bag, only to be sold in the market at 10 naira a kilo. And whisky has gone from six to 25 naira a bottle. The naira is overvalued, and with police and military roadblocks becoming a way of life, things are not as free and easy as before.

But, my interlocutor across a table of empty glasses said, the "most savage blow" has been the halving of hard-currency remittances allowed to expatriates. Few companies can make up the difference offshore. Now it is really difficult to maintain a home in Nigeria and in Europe. Small wonder that the number of Britons in the country has dropped by half to 6,000, and that the French and the Italians, and the Indian schoolteachers are leaving in droves. The remittance reduction, the golf captain said, will sort the true lovers of Nigeria from the "softies."

The United Africa Company, the very essence of British commercial life, will have lost half its 140 Britons by the end of the year. So in a country of nearly 90 million, the former colonial power will be minutely represented. That compares with the 50,000 French in the Ivory Coast, with a population of only a few million. But then who can blame Nigeria for not wanting to allow 110 percent repatriation of foreign company profits?

One good thing about the exodus is the effect on rents. These days, instead of having to pay three years in advance, you can even rent on a monthly basis. A three- to four-bedroom house on Ikoyi or Victoria Island, the most desirable addresses in the capital, cost 3,800 naira a month at the official rate. Last year it might have been 5,000 naira.

Elsewhere, life is easier for the occasional visitor — and that, one has to admit, because it is getting yet tougher for the Nigerians. Tax driven invariably declined my locally priced asking rate. Clamoring past clerks and market women, I tried to raise some empathy by proclaiming that "I'm a white Nigerian." And hotels now actually hang up a notice at reception saying "we have rooms and

would be happy to give you one." Fewer power cuts, no special queues for alhajia or chiefs at the airport, a discipline brought on by the austere and 19th-hole alongside the locals.

Spare a thought though for two men who have done their professional duty and yet find themselves in prison. Tunde Thompson and Nduka Iabor of Nigeria's young but already flagship newspaper, *The Guardian*, are in prison for a year for predicting — among other things — who the London high commissioner was going to be. It is widely believed that the man they named was not appointed because of that publicity, so that the alternative, General Halimi Samanya, ironically became the scapegoat for the expulsion following the kidnapping attempt in London of Umaru Dikko, the former minister of transport.

Ironic, because the sentences meted out to *The Guardian* journalists under Decree Four were severely criticized by the Nigerian press. But just in time, Mr. Dikko came along to restore unity to the irate medium. I know we journalists are always feeling sorry for ourselves, but these two fellows now live in a cell with 15 political prisoners in Kirkirin, Lagos. And the decree was passed after the commission of their "offense."

I should have thought that if the military leaders wanted to root out corruption and inefficiency they needed all the help the press could give them.

Departure from Kano International Airport these days is a nerve-wracking interlude. First, the checkpoint on the way from town. The soldier, much the worse for drink, seized on a fruit knife belonging to a young British aid worker whom I was giving a lift. Brought in from Sudan, it had accompanied him in and out of Nigeria several times. The soldier was hanging on him with the arm that held the knife as he waded through my bag with the other free limb. I said "receipt please," but he pretended not to understand. We insisted, and in the end, ungraciously, it was restored to its rightful owner.

Inside the airport the graft has gone. But now police, customs, immigration, security people lay down quite a gauntlet. The man ahead of me at the last body/bag search had batteries removed from his torch and matches from his pocket, presumably for reasons of security. A searsucker Japanese businessman almost missed the plane trying to regain two company checks. An American was reprimanded for declaring five naira notes when he had eight (you may take out 20).

For the first time in my life, my wallet was searched. The security man read the introductory letter from this newspaper asking that the reporter be rendered "whatever assistance he needs to carry out his work." Is this going to stop currency smuggling? I doubt it.

Agriculture Declines Despite Advances in Yields

DAMBATTA — When Mallam Hashim first adopted improved agricultural techniques on his eight hectares (19.7 acres) in northern Kano his fellow villagers asked him why he had given his farm away to the state: "Now that you can see with your own eyes that my crops are growing so much better than theirs," he said, "they want me to write their name in the book."

The "book" is the statewide agricultural development project launched in Kano at the beginning of 1982. Since then, there have been some promising, even dramatic, improvements in crop yields in farms selected to demonstrate advances in the use of seeds, sprays, fertilizers and planting methods.

Following the decline of oil revenue, agriculture has been pushed even more to center stage by the military officials in Lagos. Before them, with the slogan, "Operation Feed Yourself" and "The Green Revolution," other rulers had attempted to avert the folly of a nation of 80 million putting all its eggs into the oil basket.

But now the figures tell the sorry story. In the early 1970s, agriculture made up 80 percent of export earnings; today, it is down to 2 percent. The sector's share of the gross domestic product fell in the same period from 45 percent to 22 percent. Yet, four persons out of five still depend on the land for their livelihood, and food imports — \$228 million worth in 1971 — mainly cereals, sugar, milk and live animals.

But the concern of the government is not simply to reduce as much possible the present food import bill of more than \$3 billion; it is to get people back to the land, and, most important, to improve crop yields, as well as the quality of rural life. In short, it is to make the farmer a person to be respected in Nigerian society once again.

The Agricultural Development Projects (ADPS) is a smallholders' plan worked out between state governments

and the World Bank. While the projects still have a long way to go, the experiments in two states, Bauchi and Kano, provide grounds for optimism. Now, with ADPS about to be launched in eight southern states, the World Bank operation will cover the whole country, (except for Lagos State) amounting to two-thirds of Nigeria's cultivable land.

The unique aspect of the Kano project is that it is run entirely by a foreign company, Masdar of Wokingham, England. On January 1, 1982, the state department of agriculture's 2,000 employees overnight found themselves working for Masdar — and by all accounts will be pleased to do so for some time. But the date for the conclusion of the Masdar contract and the start of the payment of the World Bank's \$142-million loan is set for January 1987. By then, the 42 expatriates and the scores of Nigerian extension officers hope to have turned 430,000 conservative farmers into highly motivated progressive food producers.

To spread the gospel in the Dambatta zone of the state, extension officers have begun with a village demonstration program, concentrating on 15 farmers in each of 400 villages. Kabiru Ali, Dambatta's deputy chief agricultural coordinator explains: "We show the villagers improved high yield varieties of the main crops — millet, sorghum, cowpeas, groundnuts — as well as improved management, like closer planting, thinning, insecticides, top dressing."

Thus, farmers do not like seed-bed fertilization, because it goes against the grain to put it on empty land. They like to see something come up first. But they are now impressed to see the difference between sorghum and millet, which at the half-way stage are two fists higher than the non-seed-bed fertilized plants.

The biggest breakthrough has been with cowpeas, the legume known in the West as black-eyed susan. Its center of origin, the place where it was first discovered, is in a belt of savannah running through Kano State. The British ignored

the cowpea and subsidized the groundnut. But the cowpea is high in protein, making a change from the cereal-dominated diet. The villagers make a breakfast cake from cowpea called koso.

Kabiru Ali said: "Cowpea cultivation has been revolutionized by a new spraying device, the electrodyne, which has no moving parts, and as no water is needed, can be handheld and no longer has to be carried on the back, as was the old pesticide. It sprays accurately, and is cheaper to the farmer. He pays 100 naira for the sprayer at the KASCO (state-run) shop in central villages, and the pesticide costs about 80 naira a hectare."

Whereas before farmers' yields were no more than 300 kilos a hectare, with the new spray they are up to 1,500 kilos. Cowpeas earn 1,000 naira a ton. The other leg of the cowpea revolution was an early crop variety of seed developed at the Ahmadu Bello University's institute for agricultural research.

In the case of cereals and groundnuts, Kano farmers are shown methods of intercropping — growing different crops in adjoining strips, a procedure that has contributed to noticeable yield improvements.

This year, the Kano project has taken on rice. Mike Bullen of Masdar explains the potential: "Rice cultivation is hard work, but herbicides can reduce weeding considerably. This country is not even getting one ton a hectare, yet our tests have yielded 5 tons. If we can get it up to an average of two and a half tons, then they don't have to import rice."

Nigeria buys some 600,000 tons of rice — from Thailand and Pakistan — at a cost of about \$150 million. There is a serious debate within the Supreme Military Council about reducing, even eliminating, rice imports.

— DENIS HERBSTINE

As Time Presses, a Call for Revamping Industry

LAGOS — The decision of the executive director of the Manufacturers Association of Nigeria, U.A. Eleazu, to quit his organization this year and join a consortium to process industrial chemicals is a fair indication of the state of Nigerian industry. "I have grown tired," Mr. Eleazu said just before his resignation, "of telling people that unless Nigeria's industries are restructured according to available local resources, the sector will go from crisis to crisis. We have to act now."

Just as Mr. Eleazu followed his own advice — his company in eastern Nigeria will process a number of much-needed chemical compounds for industry — several other leading firms in Nigeria are planning similar projects to provide their own raw materials.

The chairman of the Nigerian associate of Lever Brothers, Michael Omoloye, said his company is now working out arrangements with a merchant bank to develop raw materials by reactivating some run-down oil palm plantations. "Local plantations could supply three-quarters of the country's vegetable oil needs if properly run," Mr. Omoloye told journalists recently.

Two major food processors, Cadbury and Nestlé, are planning large-scale maize cultivation projects to provide maize starch, glucose and associated products. There is a huge demand for maize byproducts from Nigerian industry, which present yields cannot satisfy. The pharmaceutical industry will require 500,000 kilograms of maize starch next year merely to hold production at its current low level.

The last few years of import controls and increasing restrictions on foreign exchange seemed to have brought about a rethinking among manufacturers in Nigeria. "I don't think there is a company in Nigeria," said the Nigerian managing director of a Lagos-based company, "that hasn't thoroughly replanned both its production and marketing

strategy from the shop floor upward. Although the government has no choice but to ration foreign exchange available to industries, one hope we may see is the end of the bogus manufacturing companies set up on the back of the oil boom. The danger is that the level of austerity is such that some well-managed and efficient companies may go down with them."

There are signs that several efficient small-scale Nigerian companies with no access to foreign-exchange credits through associated companies overseas will not last the year out. And as the bigger established companies seek to diversify their operations, bankers in Lagos predict there will be a spate of mergers and takeovers and that generally Nigeria's rather dull capital market is due to get a lot livelier.

Despite the lucrative commissions on foreign exchange business, banks in Nigeria are looking for new areas of operation. For example, the Chase Merchant Bank, the local affiliate of Chase Manhattan, has just established a venture capital company to fund local resource-based industrial enterprises for a period of up to 10 years after which the industries would be expected to raise funds through the Nigerian stock exchange. Apart from this, a number of merchant banks are currently arranging finance for agro-allied industrial projects, two of which are backed by major oil companies in Nigeria who want to diversify their investments in the country.

While bankers favor the large-scale maize-growing projects, other agro-allied industrial projects are finding it harder to get funding. Tunde Oshina, company secretary of Arewa Textiles, owned by a Japanese and Nigerian consortium, said the company is so short of raw cotton to spin, they are now considering investing in cotton production. "But it's becoming hard to get farmers interested in cotton when they can earn much more growing maize, which

is less labor-intensive," he said. "Somehow the textile industry has to provide the incentive to Nigerian farmers to grow more cotton. We obviously can't import all our import needs, but at present local production only satisfies about 20 percent of the demands of the industry."

So far, Arewa Textiles has not had to retrench any of its workers although in the last two years production levels at the Kaduna factory have fallen from 80 percent to just over 30 percent. "We have lost nearly a thousand of our workers through natural wastage and as we are running short of spare parts we are cannibalizing old machinery to keep the newer looms going," he said.

The positive side to the foreign-exchange squeeze is that local raw materials processors are getting orders from companies that previously had not known of their existence. The Nigerian Institute for Social and Economic Research (NISER) found that 700,000 tons of Zircon sand suitable for the foundry industry were being dumped in central Nigeria while companies elsewhere in the country were still importing thousands of tons of the sand.

While such industries as textiles, leather and rubber products as well as the agro-allied and food processing industries could take a significant amount of their raw materials from local sources, makers of soaps, detergents, pharmaceuticals, machinery, electrical and automotive products are likely to be heavily import-dependent for several years yet.

A local industrialist, Gamaliel Onosode, is a fervent supporter of long-term planning and has recently chaired a committee reviewing major ongoing projects in the country. "We need long-term planning to convince people that we can't industrialize overnight, but that our development must be coordinated according to available resources," he said.

— PATRICK SMITH



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International Bond Prices - Week of Aug. 2

Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Crédit Suisse-First Boston
Prices may vary according to market conditions and other factors.

Chicago Exchange Options

For the Week Ending Aug. 3, 1984

For the Week Ending Aug. 3, 1984

■ Mutual Funds

Mutual Funds

NEW YORK TAP— The following securities, supplied by the National Association of Securities Dealers, Inc., are the only ones of which these securities could have been sold in the Asset Value, or bought/issued plus sales charge, Friday.		Bid	Ask	Bid	Ask	Bid	Ask	Bid	Ask	Bid	Ask	Bid	Ask
Bell & Sear		97.00	97.00	Bates Veneer		7.40	7.70	Bates Veneer		7.40	7.70	Bates Veneer	
Cantico		9.75	9.75	ENBld		11.41	11.50	ENBld		11.41	11.50	ENBld	
Equity		10.43	10.43	EHSkt		4.73	7.34	EHSkt		4.73	7.34	EHSkt	
Galaxy		10.67	10.67	Growth		4.47	4.57	Growth		4.47	4.57	Growth	
HIVid		12.69	12.69	HYvid		8.33	9.10	HYvid		8.33	9.10	HYvid	
Calvert Group		14.79	14.79	Incomes		7.58	8.38	Incomes		7.58	8.38	Incomes	
Equity		14.15	14.15	SoCal		10.60	10.60	SoCal		10.60	10.60	SoCal	
Inco		14.15	14.15	Social		14.69	14.69	Social		14.69	14.69	Social	
TIAFL		10.38	10.38	TIAFL		12.40	12.40	TIAFL		12.40	12.40	TIAFL	
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CONVERTIBLE BONDS

Security	%	Mat.	Mid.	Price	-Conv. Periods-	-Conv. Price	W/bal.	Conv. T/Bal.	Mat.	Security	%	Mat.	Mid.	Price	-Conv. Periods-	-Conv. Price	W/bal.	Conv. T/Bal.
EUROPE																		
Ami Ab.	9%	7/6 Sept	134	2 Jun 30	15 Jun 30	100/170	\$27.264/24	4.68	133	Bonhill Overseas	25/34	70	74 Aug	10%	1 Aug 10	4.14	134	10/14
Alcos 25/39	6%	18/19 Sept	129	1 Sep 30	15/30 maturity	101/221.00	\$11.119/12	5.05	134	Bonhill Overseas	25/34	70	74 Aug	10%	1 Aug 10	4.14	134	10/14
Alexander Coast 17/44	6%	18/19 Sept	128	15 Jun 30	15 Jun 30	100/170	\$26.55/34	5.55	134	Bontrouice Funds	35/31	61	75 Aug	10%	1 Aug 10	4.14	134	10/14
Alexander Intern.	6%	18/19 Sept	127	1 Sep 30	15/30 maturity	100/170	\$24.14/24	5.05	134	Bontrouice Funds	43/44	61	75 Aug	10%	1 Aug 10	4.14	134	10/14
Astro Bank 25/37	5%	19/20 Sept	126	1 Jun 30	31 Dec 30	100/170	\$10.38/10	4.20	133	Blockstar Europe	45/71	61	75 Aug	10%	1 Aug 10	4.14	134	10/14
Bebek Nederland	7%	7/8 Oct	125	25 Aug 30	27 Aug 30	100/170	\$21.13/13	4.34	133	Broadstone-Hale 24/18	46/51	46	76 Jun	10%	15 Jun 25	35.47	134	10/14
Beecham Fin 33/42	5%	19/20 Sept	124	15 Sep 30	15 Aug 30	100/170	\$24.23/24	4.81	134	Corneille Comme. 19/22	24	47	76 Jun	10%	15 Jun 25	35.47	134	10/14
Bells Co Ltd	5%	19/20 Sept	123	15 Sep 30	15 Aug 30	100/170	\$15.80/17	3.86	134	Corrier O/S 34/48	46	89 Dec	10%	1 Aug 73	1.16	134	10/14	
British Steel 1.5%	5%	19/20 Sept	122	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Ctral Control Mat. 25/55	55	78 Oct	10%	31 Jul 73	2.71	134	10/14	
British Steel 10/30.00	4%	19/20 Sept	121	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Charter Int'l Fin 25/35	54	78 Oct	10%	31 Jul 73	9.85	134	10/14	
City-Credit Overseas 2.08	4%	19/20 Sept	120	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 27/38	55	78 Dec	10%	31 Jul 73	1.21	134	10/14	
Credit Suisse Ltd	4%	19/20 Sept	119	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	9.79	134	10/14	
Credit Suisse Ltd	4%	19/20 Sept	118	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	9.29	134	10/14	
Electronique Fin	5%	19/20 Sept	117	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	7.91	134	10/14	
Electronique Fin	5%	19/20 Sept	116	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	7.40	134	10/14	
Elxavier-Hulu 48/48	5%	19/20 Sept	115	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	7.00	134	10/14	
Enrica Nv 4/73	7%	19/20 Sept	114	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	6.60	134	10/14	
Enrica Ab	7%	19/20 Sept	113	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	6.20	134	10/14	
Carrefour Discoun. 2/3	5%	19/20 Sept	112	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	5.80	134	10/14	
Hansen Superfin	5%	19/20 Sept	111	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	5.40	134	10/14	
Hausmann 24/24	5%	19/20 Sept	110	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	5.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	109	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	4.60	134	10/14	
Hausmann 24/24	5%	19/20 Sept	108	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	4.20	134	10/14	
Hausmann 24/24	5%	19/20 Sept	107	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	3.80	134	10/14	
Hausmann 24/24	5%	19/20 Sept	106	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	3.40	134	10/14	
Hausmann 24/24	5%	19/20 Sept	105	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	3.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	104	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	2.60	134	10/14	
Hausmann 24/24	5%	19/20 Sept	103	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	2.20	134	10/14	
Hausmann 24/24	5%	19/20 Sept	102	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	1.80	134	10/14	
Hausmann 24/24	5%	19/20 Sept	101	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	1.40	134	10/14	
Hausmann 24/24	5%	19/20 Sept	100	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	1.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	99	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.60	134	10/14	
Hausmann 24/24	5%	19/20 Sept	98	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.20	134	10/14	
Hausmann 24/24	5%	19/20 Sept	97	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	96	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	95	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	94	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	93	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	92	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	91	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	90	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	89	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	88	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	87	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	86	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	85	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	84	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	83	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	82	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	81	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	80	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	79	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	78	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	77	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	76	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	75	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	74	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	73	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	72	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	71	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	70	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	69	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	68	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	67	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 24/13	55	78 Feb	10%	15 Aug 68	0.00	134	10/14	
Hausmann 24/24	5%	19/20 Sept	66	1 Sep 30	15/30 maturity	100/170	\$20.50/17	4.20	134	Chesire Overseas 12/60	60	78 May	10%	15 Aug 68	0.0			

P 247 - P 248	3000	600	573	Salmon River 16.32	5
5 1399	300	479	575	Grace Wy Over 17.45	5
5 752/3	1815	228	559	Great Westfork 33.30	7
			548	Hemachum Pointe 17.32	7
			534	McDonald River 20.67	7

HIGHEST CURRENT YIELDS
On convertibles having a conversion premium
of less than 10%.

of less than 10%.

MISCELLANEOUS

—Explanation of Symbols

Herald Tribune

BUSINESS/FINANCE

MONDAY, AUGUST 6, 1984

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EUROBONDS**Some Investors, Analysts Cautious as Rally Heats Up**

By BOB HAGERTY

International Herald Tribune

LONDON — Without waiting for Henry Kaufman, the bond market is rampaging through its biggest rally since August 1982, when the chief economist at Salomon Brothers made an about-face and predicted lower interest rates.

"Investors are starting to come out of the woodwork," as one New York trader puts it. The closely watched 134-percent U.S. Treasury bonds of 2014 ended the week at 1054, up 34 points in the past two weeks. That surge in price has knocked the yield down to 12.51 percent from 13.18 percent, on an annual basis.

After a long hesitation, even the Eurobond market joined the rally in earnest last week.

Prices on straight dollar-denominated issues climbed three to four points. But many investors, hardened by the almost-unremitting slump of the year, are not ready to bet huge sums on a repeat of 1982's volcanic rally.

Among the cautious is Charles Jackson, a senior bond portfolio manager at Citibank in London. He observes that the bond and currency markets are radiating contradictions. The bond rally points to expectations of a steep drop in interest rates. The dollar's persisting strength, though mildly denting late last week, can be read as a sign that foreign investors expect U.S. rates to stay high.

"The jury is still out" on the likely direction of rates, Mr. Jackson says.

Even so, Leo Loretan, Eurobond manager at Bank Julius Baer & Co. in Switzerland, who recently broke his shoulder in a bicycle accident, finds the bond market somewhat safer than the streets of Zurich. He looks for a consolidation this week but expects the market to remain firm. Over the past two months, Mr. Loretan has raised the dollar weighting of the international bond fund he manages to 33 percent from 25 percent.

DESPITE the rally, Eurobond houses coaxed few new issues from the market as borrowers continued to find the U.S. market cheaper. Finland, for example, sold on the U.S. market \$100 million of bonds priced to yield 13.34 percent. Bond dealers in London estimated that Finland would have paid 25 to 30 more basis points, or hundreds of a percentage point, to borrow on the Eurobond market.

Among the few new Eurobond issues was \$100 million of five-year, 13%-percent bonds from the Gram Finance NV unit of Great American First Savings Bank. The issue, Great American's first on the Euromarket, is backed up by a pool of U.S. government agency paper, ensuring a triple-A rating. The bonds were trading Friday afternoon at about 100.5, to yield 13.24 percent. By contrast, five-year U.S. Treasury bonds were yielding 12.47

(Continued on Page 19, Col. 1)

4 Israel Banks Charged With Forming Cartel

By Michael Blumstein

New York Times Service
NEW YORK — The stock market gave the U.S. economic recovery a rousing endorsement last week, apparently casting off months of apprehension over federal deficits. In the process, it handed President Ronald Reagan more good news.

In recent months, as economic growth, employment and inflation brightened, a lackluster stock market was the most conspicuous exception to the pattern of improvement.

The lagging market reflected Wall Street fears that the federal government's borrowing to cover its deficits would bring about a damaging new outburst of soaring interest rates, according to analysts.

But the market's fear of the deficits, which the Democrats contend

seriously mar the Reagan economic record, seems to have been swept aside in last week's stunning rally. The 236.57 million shares traded Friday, up from Thursday's previous record of 172.83 million, brought the week's total to an unprecedented 696.16 million shares. The Dow Jones average soared 36 points Friday to a six-month high of 1,202.08.

If the boom persists, it will be all the more difficult to focus voters' attention on economic problems.

"If the market holds, it's one more thing that will serve as an economic plus for Reagan," said Walter Heller, a former economic adviser to President John F. Kennedy.

"It's obvious that he may not be responsible for it, but if there's a rosy glow in the economy, it kind of casts a rosy light on the White House."

Felix G. Rohatyn, an investment banker and longtime Democrat, said, "You have one more quite visible and dramatic sign of prosperity that you have to overcome."

And Alan Greenspan, a former economic adviser to President Gerald R. Ford, said that while stock prices might still lose their steam, "in terms of debate, clearly it does give the president significant running room."

Interest rates, particularly those paid by consumers on home mortgages and credit cards, are still high in comparison to inflation's low pace.

Unemployment, which had been steadily declining, turned upward in July for the first time in 20 months. And the stock market's whims are such that share prices might well reverse course and head downward before election day.

Nonetheless, the feeling on Friday was that warnings by the Democratic candidate, Walter F. Mondale, of economic difficulties ahead could lose potency as a campaign weapon.

Specifically, analysts said, Mr. Mondale could have trouble convincing voters that the federal government's large budget deficits are a threat to interest rates — a major campaign theme — if this fear is no longer reflected in stock prices.

The Mondale campaign tried on Friday to minimize problems that might result from Wall Street's sudden optimism.

Dayton Duncan, a spokesman for the Democratic contender, said of Mr. Mondale and the market: "He's happy it's going up. It will keep going up if the deficits go down."

George L. Perry, a Brookings Institution economist who is an adviser to Mr. Mondale, also sought to deflect suggestions that the market surge would help the incumbent.

"The market is smelling a Mondale victory," he said with a grin.

In addition, some Mondale supporters argued that the stock rally had not erased voter concerns.

"The deficit is still there and seems to be very much on people's minds," said Robert E. Rubin, a partner at Goldman, Sachs & Co. and Mr. Mondale's finance chairman in New York State.

Nonetheless, Democratic analysts and economists suggested that Mr. Mondale might have to argue more strongly that the economy is not as good as it looks.

"He should emphasize that we're building a larger problem for the longer run," Mr. Heller said.

"We've planted a number of time bombs that are ticking away."

Similarly, Mr. Rohatyn said that Mr. Mondale must convince voters that there is something fundamentally unsound underlying the economy.

"I happen to believe we're living on borrowed time and borrowed money, but it is not visible to the naked eye," Mr. Rohatyn said.

Bank Talks With Stockbrokerage

International Herald Tribune

LONDON — Hongkong & Shanghai Banking Corp. is holding talks aimed at obtaining a stake in James Capel & Co., one of London's biggest stockbrokers, according to the Sunday Telegraph.

The newspaper quoted one of Capel's senior partners as saying the discussions had been in progress for some time but that Capel was keeping its options open.

Most of London's top 20 securities firms have formed alliances with banks and other outside shareholders in the past year. The moves are in preparation for tougher competition expected to result from the abolition of fixed minimum commissions on trading in stocks and bonds in 1986.

CURRENCY RATES

Last interbank rates on Aug. 3, excluding fees.

Fiscal figures for Amsterdam, Brussels, Milan, Paris, New York rates of 4 P.M. EDT.

1 Euro = 1.3255 U.S. Dollars = 1.3255 French = 1.3255 German = 1.3255

1 Swiss Franc = 1.3255 U.S. Dollars = 1.3255 French = 1.3255 German = 1.3255

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NEW EUROBOND ISSUES

Issuer	Amount (millions)	Mat.	Coup. %	Price of offer	Yield and week	Terms
FLOATING RATE NOTES						
Banque Paribas	\$150	perp	% 100	—	99.95	Over mean of bid and offered rates for 3-month Eurobonds. Callable or par each year starting in 1987. \$150 million issued now and \$50 million reserved for top. Commissions 0.75%.
Citicorp Overseas Finance Capital	\$250	1996	—	100	—	99.70
Kingdom of Denmark	\$200	1999	—	100	—	99.45
Manufacturers Hanover	\$150	1996	—	100	—	99.62
Lloyds Eurofinance	£150	1996	% 100	—	99.62	Over 3-month Libor. Minimum coupon 5%. Callable after 1989. Sinking fund operating in last 5 years will produce a 10-year average life. Increased from 100 million pounds. Commissions 1.20%.
FIXED-COUPON						
C. Itoh	\$60	1989	134	101.94	134	100.13 Noncallable.
Gram Finance	\$100	1989	13%	100	13%	100.25 Callable or par after 1988.
Nippon Telegraph & Telephone	\$100	1991	1234	99.94	12.81	99.13 Noncallable.
Investors in Industry	ECU60	1989	11	100	11	97.88 Noncallable. Increased from 50 million ECU.
Primary Industrial Bank of Australia	ECU40	1993	1114	100	1114	98.13 Noncallable.
EQUITY-LINKED						
Toshiba Ceramics	\$30	1994	open	100	—	99.00 Coupon indicated at 36%. First callable at 10% in 1987 and redeemable at 105 in 1989. Convertible at an anticipated 5% premium. Terms to be set Aug. 7.

Eurobonds Rally but Fears Remain

(Continued from Page 17)
percent on an equivalent basis.

A Japanese government guarantee backs up the \$100 million of five-year, 12.5-percent bonds from Nippon Telegraph & Telephone Corp. The issue ended the week at about 98.875, to yield 13 percent, compared with 12.58 percent on similarly dated U.S. Treasury paper.

The market for European currency unit bonds, glutted by late, remained subdued. The nine-year, 11.4 percent issue from Primary Industrial Bank of Australia slipped to about 98.125, for a yield of 11.60 percent. That compares with Friday's yield of 11.58 percent in the recent five-year ECU bonds from Investors in Industry, the British lender to small business.

Into the dollar floating-rate note market, parched recently, poured a 750-million deluge of new paper.

Three of the four new issues — Citicorp, Manufacturers Hanover and Denmark — carried the novel feature of weekly rate fixings instead of the standard twice-yearly adjustment.

Issuing houses hail this formula as a clever means of letting the buyer borrow on a weekly basis in the interbank market and receive interest at a three- or six-month rate.

To guard against that threat, the Denmark issue calls for weekly fixings at either a six-month or a one-week rate, whichever is higher.

Bankers involved in the new note issues say demand is particularly strong from smaller European banks and from banks and other financial institutions in Japan and Southeast Asia. Some rival bankers contend that the novel notes are selling slowly. The complexity of financing noteholdings on a weekly basis does not appeal to many potential buyers, these bankers argue.

Moreover, the credit markets occasionally go awry — as they did in 1980 and 1981 — and yank the cost of one-week funds over that of longer terms. That would spell losses for the noteholder borrowing on a weekly basis and receiving interest at a three- or six-month rate.

Bankers involved in the new note issues say demand is particularly strong from smaller European banks and from banks and other financial institutions in Japan and Southeast Asia. Some rival bankers contend that the novel notes are selling slowly. The complexity of financing noteholdings on a weekly basis does not appeal to many potential buyers, these bankers argue.

Because the World Bank is one of the most active traders in the U.S. Treasury market, securities dealers said its huge purchase of three-year notes is not as likely to "disappear" from Wall Street as are securities bought by a pension fund or insurance company.

Although prices rose Friday by smaller amounts than in the two previous days and there was an increase in selling by some speculators wanting to take profits, securities dealers said demand from investors and speculators remains healthy. The buying of notes and bonds is particularly remarkable, analysts said, because it is occurring

in advance of this week's Treasury auctions totaling \$16.75 billion.

The loss of income tax and national insurance surcharge payments, pricing the strike and losses to British Rail as trucks take over coal transport, amount to \$13 million a week, according to Mr. Skeoch.

The strike has also lowered projections for the British economy, including social security payments.

U.K. Struggles to Measure Strike Cost

(Continued from Page 17)
inaction at one of its five integrated works, primarily because it was unable to bring in iron ore and coal by formal routes.

Various other costs to the government arising from the strike, including social security payments,

are also being measured. The latest estimate is that heavy rainfall in the northern Ukraine has destroyed crops and reduced the flow of processed grain to state silos by more than a third, Reuters reported Sunday from Moscow.

The latest rate announced by the U.S. government Friday will be counted toward the first year of the latest U.S.-Soviet grain agreement. For the first year, the Soviet Union has bought nearly 12.9 million tons of U.S. grain, including 6.3 million tons of wheat and nearly 6.6 million tons of corn, as well as 416,200 tons of soybeans.

Most of the recent sales have gone toward the agreement's second year, which will begin Oct. 1. The agreement requires that the Kremlin buy at least 8 million tons of U.S. grain and 500,000 tons of soybeans a year, or else 9 million tons of grain.

Moscow Steps Up U.S. Corn Purchases Amid Reports of Rain-Damaged Crop

United Press International

WASHINGTON — The Soviet Union, in an unusual series of corn purchases that has produced nearly daily sales for three consecutive weeks, have bought another 400,000 tons of U.S. corn, the U.S. government has disclosed.

Over the past three weeks, the Agriculture Department has announced sales to the Russians totaling 6 million tons of U.S. corn and 525,000 tons of wheat. The value of the three weeks worth of sales has not been announced, but current prices put the total at about \$1 billion.

Farming experts in the Soviet Union have said that heavy rainfall in the northern Ukraine has destroyed crops and reduced the flow of processed grain to state silos by more than a third, Reuters reported Sunday from Moscow.

The latest rate announced by the U.S. government Friday will be counted toward the first year of the latest U.S.-Soviet grain agreement. For the first year, the Soviet Union has bought nearly 12.9 million tons of U.S. grain, including 6.3 million tons of wheat and nearly 6.6 million tons of corn, as well as 416,200 tons of soybeans.

Most of the recent sales have gone toward the agreement's second year, which will begin Oct. 1. The agreement requires that the Kremlin buy at least 8 million tons of U.S. grain and 500,000 tons of soybeans a year, or else 9 million tons of grain.

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LANGUAGE

The Politics of Gender

By William Safire

WASHINGTON — At the Democratic convention of 1984, sex disappeared.

For some inexplicable reason, the word *sex* — probably from the Latin *seco*, "to cut, divide," and meaning the division into male and female — has been deemed too provocative to say out loud or to put into print. Not since Victorian prudes substituted *limbs* for *legs* — as in "piano limbs" — has euphemism held such sway.

Only a few years ago, the proponents of the equal rights amendment did not blush to strike down discrimination "on account of sex." Now, however, sex is taboo. The new word to characterize maleness and femaleness is *gender*.

It has become useless to argue any longer that *gender*, in most Indo-European languages, is a grouping without human grouping.

In French, *le livre* is a book and *la livre* is a pound, but that does not mean books are for men and pounds are for women.

Such defenses based on logic are now useless. The rush of references, from the podium to the podium, to Geraldine Ferraro as "the first of her gender" to achieve nomination to the vice presidency has buried all organized resistance to the euphemism. Evidently the English language needs a word to be synonymous with sex and yet not seem sexy or sexist, and further resistance is pedantry.

What next? Since *gender* is more neutral than sex, what will *genderism* signify? Perhaps a raised consciousness of the need for equality, on that principle, *genderist* is the opposite of sexist, as we take the high road to glittering generalities.

GERALDINE A. Ferraro — that is her maiden name — prefers the honorific *Mrs.* However, many newspapers and magazines have stoutly resisted the adoption of *Mrs.*, some because it seems like propaganda for the women's movement, others because it conveys less information than *Miss* (used when the woman is single, or is using her maiden name) or *Mrs.* (used when the person is married or widowed).

To those publications resisting the privacy-protecting *Mrs.*, the Democratic vice-presidential candidate has asked that she be identified as "Mrs. Ferraro." Her reason-

ing is that *Mrs.* would indicate that she is single, which she is not, and *Mrs.* indicates that she is a married woman. But she is not Mrs. Ferraro. Her mother is Mrs. Ferraro. The Democratic candidate is the former Miss Ferraro, who is now Mrs. John Zaccaro, and who can also be described as Mrs. Geraldine Zaccaro or Mrs. Geraldine Ferraro Zaccaro. She has her choice of being known as Miss Ferraro or Mrs. Zaccaro, but not — to my way of thinking — as "Mrs." Ferraro, a person she is not.

You cannot simply decree, "Call me *Mrs.*, because I'm married, but use my maiden name, because I don't want to use my married name." On the contrary, no matter what politicians demand, writers of English should be consistent: The *Mrs.* goes with the married name, the *Miss* goes with the maiden name.

If Mrs. Zaccaro or Miss Ferraro can be called "Mrs. Ferraro," why can't her opponent, Mr. Bush, ask to be called "Mr. Lincoln"? Miss Ferraro is not Mrs. Ferraro, yet she gets the honorific she prefers.

That's not quite accurate: The honorific she prefers is *Mrs.*, and the *Mrs.* is to her the lesser evil than to appear in a photo with her husband and three children with the caption identifying her as *Miss*, which does not quite fit in with traditional family values.

It breaks my heart to suggest this, but the time has come for *Mrs.* We are no longer faced with a theory, but a condition. It is unacceptable for journalists to dictate to a candidate that she call herself *Miss* or else use her married name; it is equally unacceptable for a candidate to demand that newspapers print blatant inaccuracy by applying a married honorific to a maiden name.

That leaves *Mrs.* By using the title, as fuzzy as *Mr.* is to bachelors or married men, the person is saying, "This is the name I go by, and it may be mine or my husband's, and I may or may not be married." By accepting it, editors are saying, "This is what she styles herself, and you will have to find out elsewhere if she is married or if she started out in life with this name."

Mrs. is deliberately mysterious, but at least it is not deliberately misleading.

New York Times Service



A few of the dummies at Vent Haven, a small museum in Kentucky devoted to ventriloquism.

Ventriloquist Dummies: The Last Word

By Charles Hillinger

Los Angeles Times Service

FORT MITCHELL, Kentucky — Ventriloquist dummies sit side by side on folding chairs, staring straight ahead, waiting.

But there will be no more performances. Ventriloquists who owned the wood, paper-mâché or plastic figures have died, retired or renounced them.

Their spirits live on at Vent Haven, the only museum in the United States dedicated to preserving the art of ventriloquism.

Vent Haven is the legacy of William Shakespeare Berger, wealthy president of a Cincinnati tile company and lifelong ventriloquist. He began collecting the figures in 1916.

Some of the dummies date to the 1850s. Four floated ashore in a trunk from a ship wrecked on the coast of Texas. A ventriloquist, Will B. Woods, drowned in the accident in 1908.

Bunzli, a paper-mâché dummy, was found in the ruins of a house bombed by Allied

planes in Germany during World War II. Another ventriloquist, Charlotte Bern-Keller, and everyone in her family died in the bombing.

But Bunzli sits in his bow tie and tux on a folding chair, waiting.

Vent Haven is a mecca for "vents" — theatrical slang for ventriloquists — from all over the world.

Each year, a ventriloquist's convention is held there. Last year's gathering attracted 250 ventriloquists, several of them from outside the United States. This year's get-together will be held in early July.

Berger, whose father was a Shakespearean actor, was president of the International Brotherhood of Ventriloquists for several years. Many of the dummies were given to him, purchased by him or willed to him by dying ventriloquists.

Dummies at one time filled every window of his two-story home, staring out at the world, until uninvited neighbors objected that the figures were watching them.

To pacify those with complaints, Berger

built three buildings at the back of his property to house his collection.

Whenever ventriloquists were anywhere near Fort Mitchell, they would drop in. Edgar Bergen was a frequent guest at Vent Haven.

Berger has no heirs. When he died in 1972, aged 94, his estate was set up as a trust fund to maintain and operate the museum as a center for ventriloquists and an archival repository for the art form.

His will provided that a curator live free in his finished home. The current curator is Dorothy Millire, 52.

The collection includes more than 500 books about ventriloquism, some published as early as the 1700s, several thousand photographs of professional ventriloquists and original sketches done during the lifetimes of famous 17th-, 18th- and early 19th-century ventriloquists.

There are 200-year-old English Toby jugs with moving mouths, ventriloquists' paintings with mouths and eyes that move, talking heads on walking canes.

And there are the dummies, Bunzli and his friends, who are still waiting.

Greece Postcard

Samothrace Sanctuary

By Kerin Hope

Associated Press

SAMOTHRACE, Greece — On this windy island in the northern Aegean, U.S. archaeologists are piecing together the ruins of a sanctuary where, according to ancient historians, Alexander the Great's parents met for the first time.

A cluster of white marble columns, set against a wooded hillside and visible from far out at sea, marks the site of the summer festival of the "Great Gods."

The chronicler says King Philip II of Macedonia encountered Olympias, a strong-willed princess from western Greece, at the celebrations on Samothrace. They married in 357 B.C. and Alexander was born a year later.

Pilgrims to the sanctuary worshipped half a dozen "Great Gods" — a "Great Mother," a fertility god, a pair of deities and Hades, the Greek god of the underworld, and his wife.

"There was fasting, drinking, animal sacrifices and, for some visitors, initiation at a torchlit ceremony into a secret cult that was famous throughout the ancient world," said the excavation director, Professor James R. McCredie, who heads the Institute of Fine Arts at New York University.

More recently, the sanctuary was best known as the site where the Winged Nike of Samothrace, a late classical statue of the ancient Greek goddess of victory, was found. The life-size figure, carved in marble with wings and swirling draperies, was carried off to Paris by a French diplomat in 1863 and now stands in the Louvre.

During more than 30 seasons of digging, the U.S. archaeologists have uncovered little more than half of the 540,000-square-foot (50,000 square-meter) site. This year they are exploring the enclosure where the Nike was found.

"We no longer think the statue was part of a fountain. It probably stood in the shelter of a small building," McCredie said.

Close by the enclosure was the Stoa, a colonnaded building 300 feet (100 meters) long, dating from the 3rd century B.C. The excavators believe it housed participants in the Great Gods mystery cult.

"It's the only building found so far that could have sheltered people," McCredie said.

Mountainous and still inaccessible in stormy weather, Samothrace is on the main sailing route from the Black Sea to the southern Aegean. The sanctuary was closely linked with ancient seafaring.

"A purple scarf given during the initiation . . . served as a magic charm to protect sailors and travelers from danger," wrote Professor Karl Lehmann, the first American excavator at the sanctuary.

Dressed in white robes, initiates joined a secret ceremony in the "House of Gods," a timber-roofed hall. It probably involved ritual dances and a re-enactment of the mythical rape of a fertility goddess.

But with time, ancient Greek politics came to overshadow religion at the sanctuary.

"It must have been a backwoods sort of place until the Macedonians got involved," McCredie said.

"Then it became a symbol of their power and the chic place to spend a lot of money on buildings in the late 4th and most of the 3rd century B.C."

Diplomats from all over the Greek world were invited to attend the annual festivities. The sanctuary was replanned and elegant new buildings adorned with imported marble were erected to house the sacred rituals.

McCredie believes that Philip II, having found himself the most powerful man in Greece, demonstrated his political stature in such buildings as the Temenos, a walled enclosure paved in marble, with an elaborate gateway decorated with marble carvings.

Philip controlled most of mainland Greece and was planning a military campaign in Asia Minor when he was murdered in 336 B.C. Alexander the Great then led his father's army on an empire-building expedition from Greece to India.

The most splendid structure of all was Queen Arsinoe's Rounda, a round, marble-faced building put up in the 3rd century B.C. by a Macedonian queen who sought shelter at the sanctuary as a political refugee.

"The sanctuary remained in use all through the Roman period and was finally shut down in the 4th century A.D., after Christianity became the official religion of the Roman empire," McCredie said.

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